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AUTHOR Kutner, Mark A.; And Others
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ABSTRACT

In response to a 1978 mandate, this concluding volume of the School Finance Project's final report concentrates on the broader intergovernmental issues relating to the design and transmission of federal policies and programs, and on the effects of federal activities on state and local education agencies and on schools. The specific Department of Education activities on which the report focuses are the Education Consolidation and Improvement Act (ECIA) (Chapters 1 and 2); the Education for All Handicapped Children Act; the Bilingual Education Act (ESEA, Title VII); the Vocational Education Act of 1963 (as amended); and civil rights statutes. After a brief introduction, chapter 2 traces the development of federal education activities and the changed focus of federal involvement following passage of the Elementary and Secondary Education Act (ESEA). Chapter 3 examines design features of federal education policies and programs, specifically the transmission of federal intent to states and localities through the concept of "signals" (i.e., formal legal freamework, legislative history, administrative decisions, and congressional review). The combination of program signals is presented for each of the major federal policies and programs. Chapter 4 examines implementation, focusing on how state and local officials shape federally funded services. Chapter 5 identifies the effect of federal involvement on state education agency capacity and functions, local education agency organization and administration, and school staffing and instructional services. An executive summary of the findings is provided, along with four appendixes giving (1) a breakdown of participating states; (2) a history of individual programs; (3) a list of antecedent programs consolidated under ECIA Chapter 2; and (4) an explanation of legal provisions. (TE)

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Congressionally Mandated Study of School Finance

A Final Report to Congress

from the Secretary of Education

Volume 3

FEDERAL EDUCATION POLICIES AND PROGRAMS: INTERGOVERNMENTAL ISSUES IN THEIR DESIGN, OPERATION, AND EFFECTS

Mark A. Kutner

Linda Addison
Amy Hutner
Joel D. Sherman

Department of Education
T.H. Bell, Secretary

Office of Educational Research and Improvement
Donald J. Senese, Assistant Secretary

School Finance Project
Joel D. Sherman, Project Director

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EXECUTIVE SUMMARY

In recent years there has been concern that although Federal programs may have succeeded in targeting services on intended student beneficiaries, their extensive regulations and requirements have impeded effective and efficient delivery of educational services, fragmented the instructional programs for some students, and severely restricted State and local discretion in providing educational services.

Concern with the operation of Federal education programs and the consequences of Federal activities within the intergovernmental system resulted in the inclusion of a request for information on the design, operation, and effects of Federal policies and programs in Section 1203 of the 1978 Education Amendments. The information presented in this concluding volume of the School Finance Project's Final Report responds to this mandate.[1]

This report is not intended to evaluate State and local compliance with specific Federal regulations and requirements nor determine the effects of programs and mandates on student achievement. The volume concentrates on the broader intergovernmental issues relating to the design of Federal policies and programs, the transmission of Federal education policies and programs, and the effects of Federal activities on State and local education agencies and schools.[2]

Presented here are the major findings from this report:

Design Characteristics of Federal Policies and Programs

Federal policies are designed to be administered through the intergovernmental system and have typically relied on a mixture of financial incentives, reporting requirements and sanctions to achieve policy objectives. A program's legal framework defines the Federal Government's overall plan or strategy for achieving its legislative objectives. Specifically, the legal framework as established by the Congress and executive branch determines (1) whether and how to provide financial and technical

[1]The School Finance Project's final report has been prepared in three volumes. The two earlier volumes were: Volume 1: Financing Elementary/Secondary Education in the States; and Volume 2: Private Elementary and Secondary Education.

[2]This report does not review all Federal education activities but concentrates on Compensatory Education for the Disadvantaged, the Education for All Handicapped Children Act, the Vocational Education Act, the Bilingual Education Act, and civil rights statutes. The field work for this project was conducted in Spring, 1982 prior to the implementation of the Education Consolidation and Improvement Act of 1981.

assistance; (2) which legal provisions to employ; and (3) the distribution of responsibilities among the three levels of government.

Only examining a program's legal framework, however, presents an incomplete or underdeveloped snapshot of how Federal intent is transmitted to State and local education agencies. Our federal system is characterized by multiple centers of power: government officials at various levels make policy and programmatic choices and also participate in a continuing process of intergovernmental bargaining.

Federal policies are not only transmitted to States and localities through expectations or "signals" contained in the formal Federal legal framework. Strategies for Federal policy are given meaning through other aspects of the policy process in addition to the formal legal framework, which collectively produce expectations or signals for State and local officials concerning the administration of Federal policies and programs. While not representing iron-clad Federal policies regarding implementation of a program, these less formal signals communicate much about expected roles, levels of accountability and areas of Federal emphasis as a program is implemented.

Federal signals begin to emerge as part of the political processes which ultimately produce a law. They continue as a program is enacted and implemented through such actions as the development of program regulations, administrative decisions made by executive agency officials (including audits and enforcement postures), and through congressional appropriations, oversight hearings, and legislative authorizations. The specific mix of Federal signals for each Federal education activity coalesce over time to form a unique Federal policy strategy for that particular activity or program.

Implementing Federal Policies and Programs

The implementation of Federal programs involves more than a basic translation of Federal policies into State and local practices. It is a complex process that takes place over a number of years, beginning with the development of Federal legislation and continuing as Federal regulations and program directives are incorporated within Federal, State, and local organizations and processes, and ultimately becomes part of school district and school practices.

The most important portion of the implementation process occurs in local districts and schools where Federal signals tempered by State interpretations are translated into instructional services. The success of Federal activities is heavily dependent upon local service providers.

Many of these observations have been noted in prior work on intergovernmental relations. They are worth noting again as they have been confirmed by the research

studies commissioned as part of this inquiry and because they help explain how Federal policy gets translated into local action.

- States and localities are active participants in shaping Federally-funded services that are provided in schools. Although Federal activities are based upon top-down assistance strategies, the manner in which programs are implemented reflects an intergovernmental system with responsibilities shared by all levels of government.

- LEAs and schools are not passive executors of Federal policies and programs. They transform Federal policies, which are generally characterized by a regulatory orientation, into educational services. Within the statutory and regulatory constraints imposed by the Federal Government, local officials exercise discretion in allocating Federal resources, designing Federally-funded services, and assigning students to specific services.

- At the local level, Federally-funded education services reflect an accommodation between Federal interests and priorities, as mediated by the State political and institutional environment, and local interests and priorities.

- Implementation problems associated with Federal activities have been reduced through the combined efforts of local officials (who became familiar with the initiatives) and Federal policymakers (who adjusted statutory provisions and program regulations to help meet local concerns). While some of the controversy that has characterized these programs abated as localities made certain accommodations, Federal programs and service mandates continue to make demands on the time and energy, if not the budgets, of local administrators.

Effects of Federal Activities on States, LEAs, and Schools

The sustained presence of Federal funds and regulations, monitoring and oversight activities, and broad statements of policy goals and objectives have produced a consistent pattern of effects across States and school districts with different levels of wealth and numbers of students with special education needs. Changes in Federal and local behavior take time. Interactions that take place over a number of years are typically required to clarify Federal intent and change local behavior and processes. Even though there is substantial variability in State and local administration of specific

program provisions, Federal influence upon SEAs and local educational practices is very much evident.

It is important to note that an examination of the State-level effects of Federal education policies and programs must take into consideration the changing intergovernmental conditions since Federal education programs were enacted. States are providing local districts with substantially higher levels of education aid as a result of school finance equalization and new property tax limitations. There has also been strong concern among States about the quality of education as reflected by State testing and accountability initiatives during the late-1970s and the current interest in math and science curricula, the use of microcomputers, and the findings of the National Commission on Excellence in Education. The State-level effects of Federal education activities presented in this report occurred in conjunction with these changes in State conditions and policy interests.

The field-based studies sponsored by the School Finance Project point to the following conclusions:

- Federal policies and programs have improved SEA capacity as defined by staff size and expertise, and programmatic responsibilities. However, these capabilities remain partially dependent on Federal resources.

- Federal education activities have increased resources for special needs students and resulted in these students receiving more appropriate services.

- Instructional fragmentation, although still a problem, is less prevalent today as the result of active efforts of local officials who have developed a variety of management techniques to coordinate the content of instruction. In part this has been accomplished by encouraging more consultation between regular and special services teachers.

- Federally-funded services for special needs students do not appear to have adversely affected the instructional program of students not participating in Federal programs, although evidence based on test scores is lacking.

- Frequently expressed concerns about administrative burdens associated with Federal programs and undue Federal influence over States and localities, while previously documented during the start-up phase of many Federal programs, appear to have lessened as statutory and regulatory changes were made in these

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PREFACE

This is the third and concluding volume of the School Finance Project's final report as required by Section 1203 of P.L. 95-561, the Education Amendments of 1978. The two earlier volumes were: Financing Elementary/Secondary Education in the States and Private Elementary and Secondary Education. This report, Federal Education Policies and Programs: Intergovernmental Issues in Their Design, Operation, and Effects, concentrates on the broader intergovernmental issues relating to Department of Education activities in elementary and secondary education.

The report reflects the collective efforts of the School Finance Project staff which has completed its work under the direction of Joel Sherman. The principal author of this volume was Mark Kutner, who had primary responsibility for the School Finance Project's work on the effects of Federal education policies and programs. Linda Addison and Amy Hutner also contributed to this report. Martha Jean Willis typed the final text as well as numerous earlier drafts and corrections.

Several other individuals also contributed to the successful completion of this volume including Ann Milne of Decision Resources and Michael Knapp of SRI International who were very generous and helpful in the time they spent reviewing and commenting on drafts of this volume.

Chapter 1

INTRODUCTION

Education in the United States is a State responsibility and a local function. Nevertheless, since the founding of the republic the Federal Government has taken an active interest in education and viewed it as a national concern. Through the mid-1960s Federal funding of education was limited. Federal activities were typically designed to achieve purposes related to economic development and national defense, and were generally supportive of State and local priorities.

Over the past two decades there has been a significant change in the focus, scope, and magnitude of Federal involvement in elementary and secondary education. Through passage of the Elementary and Secondary Education Act (ESEA) of 1965 and subsequent legislative enactments, Federal activities have expanded in terms of numbers of programs, appropriations levels, and regulations, rules, and requirements which State and local education agencies (SEAs and LEAs) must follow as a condition for receiving Federal funds.

By the late 1970s there was concern that although Federal programs may have succeeded in targeting services on intended student beneficiaries, their extensive regulations and requirements had impeded effective and efficient delivery of educational services, fragmented the instructional programs of some students, severely restricted State and local discretion in providing educational services, and produced administrative costs for SEAs and LEAs which were not completely reimbursed by the Federal Government.

Concern with the operation of Federal education programs and the consequences of Federal activities within the intergovernmental system resulted in the inclusion of requests for information on the design, operation, and effects of Federal policies and programs in Section 1203 of the 1978 Education Amendments. Specifically, Section 1203(e)(5) and 1203(e)(6) required:

> an analysis of the impact of Federal and State education programs on the distribution of State and local educational resources and of the relationship between such Federal and State programs;

This report responds to portions of the mandate which request information on the relationship between Federal and State programs, and existing Federal policies and programs. This report is not intended to evaluate State and local compliance with specific Federal regulations and requirements nor determine the effects of programs and

mandates on student achievement. Instead, using illustrative examples from specific programs and studies of governance issues at State and local levels, the volume concentrates on the broader intergovernmental issues relating to the design of Federal policies and programs, the transmission of Federal education policies and programs, and the effects of Federal activities on SEAs, LEAs, and schools. The specific Department of Education activities on which this report focuses are the Education Consolidation and Improvement Act (ECIA) including Chapter 1, compensatory education which replaced Title I of the Elementary and Secondary Education Act (ESEA), and Chapter 2, the State block grant; P.L. 94-142, the Education For All Handicapped Children Act; ESEA Title VII, the Bilingual Education Act; the Vocational Education Act of 1963, as amended; and civil rights statutes.

Report Organization

The balance of this report consists of four chapters. Chapter 2 traces the development of Federal education activities and the changed focus of Federal involvement following passage of ESEA. A summary of the major Federal education activities, including the Education Consolidation and Improvement Act (ECIA) of 1981 is presented. An overview of Federal financial support of elementary and secondary education activities is also provided.

Chapter 3 examines certain design features of Federal education policies and programs. Specifically studied is how Federal intent regarding certain Department of Education activities is transmitted to States and localities through the concept of Federal "signals"; defined as a program's formal legal framework, legislative history, Federal administrative decisions, and congressional review. The combination of individual program signals is presented for each of the major Federal education policies and programs.

Chapter 4 examines the implementation of Federal education policies and programs. It focuses on how State and local officials shape the Federally-funded services that are ultimately provided to children.

Chapter 5 identifies the effects of Federal involvement on SEAs, LEAs, and schools. Specifically, the chapter reviews the impacts of Federal policies and programs on SEA capacity and functions, LEA organization and administration, and school staffing and instructional services.

Sources of Information

Information for this report comes from a number of sources: three field-based

programs and local officials became familiar with Federal requirements. Respondents to the interviews still noted instances of serious burden largely associated with non-routine matters such as systemwide desegregation. Budgetary encroachment of P.L. 94-142 upon resources of the regular instructional program appears to be emerging as a problem in certain jurisdictions undergoing fiscal problems.

- Despite the problems faced by teachers and administrators in delivering Federally-funded services for special needs students referenced above, teachers who were interviewed perceived the net effect to be a plus educationally.

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studies awarded under a competitive procurement process and commissioned papers contracted by the School Finance Project; previous studies of Federal programs commissioned by other divisions of the Department of Education; and other published reports, journal articles, and papers that address the issues covered in this volume.

The first field-based study, conducted by the Educational Testing Service (ETS) described and analyzed how States responded to and were affected by the combination of Federal education policies and programs that have been enacted since 1965.[1] This work focused on the Federal-State partnership in education, specifically, the effects of Federal programs on State education agencies, on State administration of Federal education programs, and on Federal and State interactions surrounding programs for special needs students. Throughout this volume information from this work is cited as "Moore et al., 1982," or as "the ETS State sample."

A second study, conducted by SRI International, assessed the cumulative effects of targeted categorical programs and civil rights mandates on instructional practices for special needs students and on the structure of schools and local education agencies. This study did not examine the implementation of individual Federal activities nor did it evaluate local compliance with Federal regulations. Rather the work provided information from the local perspective on what effects Federal programs have on schools and districts. Material from this study is cited as "Knapp et al., 1983" or as "the SRI sample districts and schools."

Decision Resources undertook the third field-based study. This work focused on State funded services to students with special educational needs. Decision Resources examined how and why certain State funded services developed, analyzed program design features, and explored changes over time. Possible State approaches which could be adopted by the Federal Government were also examined. Findings from this work are cited as "Milne et al., 1982."

Data collection for the three studies took place during the 1981-1982 school year, the last year before the provisions of the Education Consolidation and Improvement Act (ECIA) of 1981 took effect. In drawing on the field studies this report frequently presents findings about programs such as Title I using the present tense, since these programs were still in operation at the time the studies were conducted. The reader should therefore note that these specific findings do not necessarily reflect current program operations which may have been altered as the result of legislative changes under ECIA.

[1]The States participating in these three studies are listed in Appendix A.

Chapter 2

FEDERAL EDUCATION POLICIES AND PROGRAMS

Because the U.S. Constitution does not explicitly assign responsibility for education to either the States or to the Federal Government, authority falls to the States under the Constitution's reserve clause. Nevertheless, since the founding of the republic, the Federal Government has taken an active interest in education and defined it as an area of national concern.

Into the 1960s, Federal education activities were typically limited in size and linked to such concerns as national defense and economic development. Following passage of the Elementary and Secondary Education Act (ESEA) of 1965, the focus of Federal education policy changed as the Federal Government began to actively encourage State and local adoption of priorities and policies which, for the most part, they had either been unwilling or unable to accept on their own. Over the ensuing years both the number of Federal education activities and level of Federal funding has grown as successive Presidents and Congresses have identified new issues that they believed deserved Federal attention. The array of Federal education policies and programs currently in operation is designed to achieve a number of objectives including equalizing educational opportunity - - especially for those students requiring costly services, improving educational quality, guaranteeing civil rights, and enhancing State capacity.

This chapter first presents a brief overview of Federal education activities that preceded passage of ESEA in 1965, and then traces the initiatives and proposals through which the existing Federal programmatic structure has emerged. A summary of the Federal education activities which this report concentrates on is then presented.

Evolution of Federal Programs Through 1965

The Federal Government's interest in education was initially expressed through land grants to States and territories for educational purposes under the Land Ordinance of 1785 which specified that proceeds from the sale of one section in each township of the Northwest Territories be used to fund local public schools. Two years later the Northwest Ordinance of 1787 declared that education in the territories should be encouraged and authorized land grants for the establishment of educational institutions. In 1862 the Morrill Act provided grants of land to endow colleges in each State which emphasized instruction in industrial and agricultural education.

Concern over the high rate of illiteracy in the South after the Civil War resulted in the introduction of legislation in 1870 to establish a national system of education. Reaction was almost entirely negative and for the remainder of the decade the only Federal education proposals seriously considered were those having to do with using revenues from the sale of public lands for education activities. The extent of illiteracy, however, remained a problem. During the 1880s there was considerable debate on the Blair Bill which proposed a temporary, ten-year program of direct cash assistance to States according to their illiteracy rates. When illiteracy declined during the 1890s, the issue of Federal education aid disappeared from national debate.

During the early years of the Twentieth century Federal education initiatives first emphasized vocational education. The Smith-Hughes Act of 1917 established Federal financial support for agriculture, industrial, and home economics education - - an objective similar to that of the Morrill Act which had been enacted 55 years earlier. Under Smith-Hughes, funds were provided to train and pay the salaries of teachers in vocational subjects.

Over the next two decades additional proposals for Federal support of education were periodically advanced. The "discovery" of mass illiteracy as the nation entered the First World War temporarily revived an interest in Federal general aid for elementary and secondary education. Similarly, with the onset of the Great Depression, efforts were made during the 1930s to enact a program of general education aid to assist the many State and local governments which were on the brink of financial collapse. Both of these initiatives came to naught. More successful was legislation in 1929, 1946 and 1956 to expand vocational education statutes.

The Second World War boosted Federal support of elementary and secondary education. The Lanham Act of 1941 authorized Federal money for construction, maintenance, and operation of schools in communities confronted with greater numbers of students as a result of defense mobilization. This program was expanded in 1950 with passage of P.L. 81-815, which provided funds for school construction, and P.L. 81-874 which contributed to the operating expenses of school districts affected by Federal activities (the latter program is more commonly known today as Impact Aid). Also during the 1950s, several unsuccessful attempts were made to enact legislation supporting aid to education for teacher salaries or school construction.

A major change in Federal aid for education occurred in 1958 when in response to the Soviet Union's launching of its first Sputnik, the Congress enacted the National Defense Education Act (NDEA). NDEA focused on improving instruction in mathematics, sciences and foreign languages and provided Federal funds for student loans, grants to

public schools and ten-year loans to private schools for the purchase of science, math, and foreign language equipment, grants to SEAs for the establishment of high school guidance and counseling programs, and foreign language training for elementary and secondary school teachers.

In 1963 the Congress adopted the Vocational Education Act (VEA) which significantly expanded Federal activity in this area and increased Federal support for vocational education. The statute broadened the definition of vocational education and began a shift from programmatic funding to general funding combined with State planning requirements, thus allowing States to pursue their own vocational education agenda. Services for students with special education needs were also specified as a program objective.

Although both NDEA and the Vocational Education Act increased the level of Federal funding for education and represented significant departures from the Federal Government's traditional role in financing State and local activities of a national interest, more ambitious proposals to provide a broad-based program of financial assistance for elementary and secondary education floundered on three grounds. First, was the problem of school segregation. Certain influential members of Congress refused to support any education aid bill that did not prohibit aid to segregated schools, while Southern members of Congress would not support such a provision. Second, was the issue of including parochial school students as recipients of Federal aid. Public school officials were unwilling to endorse any program that contained such provisions, and private school representatives insisted on such provisions as a condition for their support of a bill. Third, was a pervasive concern about the degree of Federal control over education that might come as a result of increased financial aid.

The Modern Program Era: A New Federal Focus

The modern era of Federal involvement in elementary and secondary education began with the Elementary and Secondary Education Act (ESEA) in 1965. Passage of ESEA has frequently been attributed to the following series of factors. First, the issue of Federal assistance to segregated schools was addressed by the Civil Rights Act of 1964, specifically Title VI which prohibited discrimination on the basis of race, color, and

national origin in Federally-funded programs.[1] Second, by 1965 the Congress was more receptive to large Federal domestic efforts to reduce poverty. Third, the centerpiece of the anti-poverty initiatives, the Economic Opportunity Act of 1964, emphasized innovative programs designed by local officials and recognized the needs of educationally disadvantaged children, therefore softening congressional reluctance to enact a program of aid to education (Bailey and Mosher, 1968). Fourth and finally, the roadblock of Federal assistance for parochial school children was resolved through an agreement reached by Federal officials and representatives from public and private school associations that Federal funds were to be targeted on eligible students in all schools rather than considered as aid to the schools. This became known as the child-benefit approach to Federal aid because funds were focused on the student rather than the institution, and as such, provided a rationale for any students in need of special services to receive Federally-funded services without regard to the character of the institution they attended.

The original ESEA contained five main titles. The central component of the law, however, was Title I which authorized financial assistance to local education agencies to provide compensatory instruction for educationally deprived students in low-income areas, enrolled in public and private schools. Title I did not prescribe any instructional strategy or curriculum, and local officials were responsible for designing the services. About five-sixths of initial Federal appropriations for ESEA were for Title I (Bailey and Mosher, 1968). In addition to Title I, the other titles included in the legislation were:

- Title II - - School Library Resources, Textbooks and Other Instructional Materials;
- Title III - - Supplementary Education Centers and Services;
- Title IV - - Educational Research and Training;
- Title V - - Grants to Strengthen State Education Agencies.

ESEA represented a dramatic shift from the pre-1965 focus of Federal education policy. Through 1965, the Federal Government provided aid for activities that were also

[1]Passage of Title VI of the 1964 Civil Rights Act had important implications for Federal support of elementary and secondary education. In addition to placing the Congress and the executive branch on record as supporting the Supreme Court's 1954 Brown decision which declared school segregation unconstitutional, the statute established administrative mechanisms which could be pursued before complainants were forced to undertake often lengthy litigation based upon the Supreme Court's decision. The relative success of this statute in combating racial discrimination prompted passage of Title IX of the 1972 Education Amendments and Section 504 of the 1973 Rehabilitation Act prohibiting discrimination based on sex and handicapping condition, respectively.

considered to be State and local priorities. Since 1965, however, the Federal Government has actively encouraged the adoption of programs that represented nationally determined priorities not universally shared at the State and local levels. While passage of NDEA in 1958 was a forerunner of an increased Federal presence in education, it was not of the same size and scope as ESEA. ESEA was a milestone in another sense as well. The law refocused discussion about Federal aid to elementary and secondary education as the debate shifted from the question of whether there should be a Federal presence to what the purpose of the Federal role should be, its size, and its relationship to the activities of State and local education agencies.

Expansion of Federal Activities

During the years following passage of ESEA, Federal involvement in elementary and secondary education rapidly expanded through (1) programs designed to finance services for certain groups of students with special educational needs and to foster educational quality and school improvement;[2] and (2) civil rights statutes to protect the rights of certain groups of students.[3] By the late 1970s the scope and dimensions of Federal support had significantly changed. There was no major group of students with educational problems who were not receiving some special attention and numerous smaller programs had been designed and initiated to enhance educational quality.

Federal policies and programs, however, were not enacted according to a master plan; consequently they resembled a patchwork of activities that were initiated as "new problems" captured the attention of policymakers.[4] Of particular importance were the initiation and expansion of Federally-funded services for students with mental and physical handicaps and students with a limited proficiency in English. Passage in 1975 of P.L. 94-142, the Education For All Handicapped Children Act, represented the culmina-

[2]Other objectives of Federal activities have been enhancing State capacity and supporting educational research.

[3]Discrimination on the basis of race, color, national origin, sex, handicap and age is forbidden. However, the right to special services for educationally disadvantaged children is not guaranteed.

[4]See Appendix B for a brief programmatic history of the individual Federal programs serving special needs students.

1970s States were providing local districts with substantially higher levels of education aid as a result of the school finance reform and property tax limitation movements. SEAs were also better equipped to provide educational services for all students as their managerial capacity had been enhanced through more and better qualified personnel, due in large measure to the availability of Federal funds. Federal special need programs are also credited with influencing the expansion of State services for students with special education needs.

Proposed Modifications of Federal Programs

Proposals for both consolidation and simplification of program requirements have been considered since the 1970s in response to complaints about unintended negative effects of Federal education activities.

The broad objectives of education program consolidation proposals have been to provide quality education services while simplifying administrative requirements, enhancing State and local flexibility, and fostering program coordination. Attempts to enact large-scale consolidation of the major education programs were not accepted by the Congress, although two very limited consolidations were passed.[9] In the 1974 Education Amendments, Congress consolidated seven small programs into two programs under a new Title IV of the Elementary and Secondary Education Act. Part B of Title IV, known as Library and Instructional Services, merged the school library program (ESEA Title II), the equipment program (NDEA Title III), and guidance and counseling (ESEA Title III). Part C of Title IV, known as Innovation and Support Services, combined the innovative programs (the remainder of ESEA Title III), drop-out prevention (ESEA Title VIII, Sec. 807), and health and nutrition programs (ESEA Title VIII, Sec. 808), and pro-

[9]The first proposed large-scale consolidation of education programs, was President Nixon's Revenue Sharing Act, 1971. In 1973, he again proposed consolidation through the Better Schools Act. President Ford revived education grants consolidation in 1976 when he proposed the Financial Assistance for Elementary and Secondary Education Act. Each would have restructured the Federal role in elementary and secondary education by eliminating as distinct programs: ESEA Title I and Title VII, and Vocational Education. In 1977 the Reorganization and Consolidation Demonstration Project was considered by the Congress. This unsuccessful legislation would have authorized a six-State experimental consolidation that would retain Federal purposes, continue the targeting of funds on individual special needs populations, and simplify Federal requirements.

grams to strengthen State Departments of Education (ESEA Title V).[10]

Two years later the 1976 Amendments to the Vocational Education Act consolidated State program authority into (1) basic grants, and (2) grants for program improvement and support. The basic grant merged the authorities for work study programs, cooperative vocational education, residential vocational education, and energy education. The improvement and support services grant combined research, exemplary and innovative programs, curriculum development, vocational guidance and counseling, vocational education training, and grants to assist in overcoming sex bias. As a result States had discretionary authority to allocate their Federal grant among these and other areas as they saw fit. Retained as separate categorical programs were Consumer and Homemaking Education, Special Programs for the Disadvantaged, Bilingual Vocational Training, and Emergency Assistance for Remodeling of Vocational Education Facilities.

Simplifying program requirements by modifying or eliminating those which are ineffective and time-consuming has also been proposed as a way to reduce the problems associated with Federal education activities. Specific objectives of program simplification proposals include reducing the number and complexity of Federal requirements, increasing consistency among requirements, minimizing Federal involvement in local decisionmaking and improving the quality and appropriateness of local services, while targeting funds on Federally-intended beneficiaries.

Congress adopted a number of statutory changes in the 1978 Education Amendments to reduce the administrative burden associated with Federal programs. The statute authorized the Federal Government to give matching Federal funds to those States operating their own compensatory education programs, and concurrently allowed up to one-half of the Federal matching funds to be spent in schools not receiving Title I funds. Title I funds targeting requirements were also relaxed under certain conditions: Title I funds were allowed to be used for school-wide projects in schools where more than 75 percent of the students were from poverty families.

Additional legislative adjustments designed to further ease administrative burdens included using a single plan for all Department of Education programs instead of

[10] Congress passed Title IV in response to President Nixon's threatened veto of the 1974 Education Amendments unless some effort to consolidate education programs was undertaken. In this statute, however, the Congress also authorized the creation of eight new categorical programs. The Education Amendments of 1978 modified the Title IV consolidation. Guidance and counseling (ESEA Title III prior to 1974) was removed from IVB and authorized as a new Title IVD. The program of State agency support was removed from IVC and authorized as a new Title V. In 1981 Titles IVC, IVD and V were folded into ECIA Chapter 2.

individual plans for each program; three-year program applications replacing annual ones; local evaluations every three years instead of annually; and changing most annual reports to biennial reports.

These developments, however, represented only marginal modifications of the categorical program structure and failed to reduce criticism that the Federal program structure needed to be streamlined or possibly completely overhauled in order to allow States and localities more flexibility.

A New Balance in Federal Education Programs

Upon assuming office, President Reagan immediately proposed a significant restructuring of the Federal role in elementary and secondary education. As part of the Program for Economic Recovery, the President sent to Congress early in 1981 a proposal to consolidate 44 separate categorical education programs into two block grants -- one to assist in special educational needs and one to improve the resources and performance of schools. These block grants were designed to shift control over education policy away from the Federal Government and back to State and local authorities. The first block grant would have included 11 programs targeted on students with special educational needs (e.g., the educationally disadvantaged and handicapped), eliminated conflicting regulations and requirements, and reduced overlaps and gaps in services to special needs students. The second block grant would have consolidated 33 categorical programs under a broadened authority to encourage academic excellence through better instruction and management, placed greater emphasis on achievement, and given States more flexibility to meet student needs.

The Education Consolidation and Improvement Act of 1981

Although Congress did not enact the block grants proposed by the Reagan Administration, it authorized a number of major program changes, supported by the Administration, as part of the Education Consolidation and Improvement Act (ECIA) of 1981. ECIA gives SEAs and LEAs greater flexibility in providing Federally-funded education services and minimizes burdensome and unnecessary administrative requirements. The statute consists of three chapters: Chapter 1 - "Financial Assistance to Meet Special Educational Needs of Disadvantaged Children"; Chapter 2 - "Consolidation of Federal Programs for Elementary and Secondary Education;" and Chapter 3 - "General Provisions."

ECIA Chapter 1 basically continues funding compensatory education services for

tion of a series of legislative enactments and judicial decisions relating to handicapped students.[5]

ESEA Amendments enacted in 1968 authorized a competitive grants competition for districts wishing to establish bilingual education programs for students with limited proficiency in English. Protection for limited English proficient students was also expanded by the U.S. Supreme Court's decision in Lau v. Nichols, 414 U.S. at 568 (1974) which rested upon Title VI of the Civil Rights Act of 1964. In this ruling the Court affirmed a 1970 policy memorandum issued by the HEW Office for Civil Rights that included limited English-proficient students under the protection of Title VI of the Civil Rights Act.[6]

The Special Projects Act of 1974, authorized grants to SEAs and LEAs to identify and meet the needs of gifted and talented children.[7] In addition, the 1976 Amendments to the Vocational Education Act strengthened and expanded provisions requiring set-asides of a percentage of Federal funds for services to disadvantaged and handicapped students.

In the area of educational improvement there was a proliferation of programs broadly designed to (1) improve the quality of education, e.g., ESEA Title II, Basic Skills, and ESEA Title IV, Library and Instructional Resources; and (2) finance particular areas of instruction in need of reform or increased emphasis, e.g., metric education and consumer education. These categorical programs for education improvement were consolidated into Chapter 2 of the Education Consolidation and Improvement Act (ECIA) of 1981, a block grant for educational improvement.[8]

[5]Judicial decisions establishing the legal precedent for P.L. 94-142 include: Pennsylvania Association for Retarded Children (PARC) v. Pennsylvania, 334 F Supp. 1257 (E.D. Pa. 1971), and Mills v. Board of Education of D.C., 348 F. Supp. 866 (D.D.C. 1972).

[6]In response to the Supreme Court's ruling, HEW in 1974 issued guidelines suggesting remedies to assist noncomplying school districts in formulating voluntary plans to come into compliance with the requirements of Title VI. These are known as the Lau Remedies.

[7]The Gifted and Talented Children Act was consolidated into Chapter 2 of the Education Consolidation and Improvement Act of 1981 (ECIA), a block grant for education improvement.

[8]In addition to ECIA Chapter 2, the Federal Government continues to pursue education improvement activities through its support of research and dissemination activities at the National Institute of Education (NIE) and to a much smaller degree the National Diffusion Network (Turnbull, 1981).

Federal Aid Mechanisms: Current Issues

Federal education policies and programs are administered through the intergovernmental system and have typically relied on a variety of legal provisions including financial incentives, reporting requirements and sanctions to achieve policy objectives. As Federal education activities "matured" there was a change in Federal program regulations from what Elmore and McLaughlin (1982, p. 170) characterized as a "relatively sophisticated mix of compliance and assistance objectives to a compliance-dominated strategy." In response to early evaluations of Title I that revealed Federal funds were often substituted for State and local funds instead of financing supplementary services, stricter fiscal regulations concerning the use and allocation of Title I funds were developed, and the Federal Government adopted an aggressive compliance-oriented oversight posture.

In subsequent legislative enactments, Federal policymakers continued to institute programmatic controls to ensure that Federal funds were spent on intended purposes. Passage of P.L. 94-142, according to Elmore and McLaughlin (1982, p. 170), represented "a new phase in the development of the compliance-dominant strategy" as services for handicapped students were not connected to the availability of Federal funds. This statute required States and localities to follow Federally-established procedures and protect the rights of handicapped students even if Federal funds did not completely pay for the services.

By the mid-1970s complaints were being voiced that Federal aid to education had become over-regulated and excessively burdensome to States and localities. In 1977, for example, there were about 1,000 pages of education regulations in contrast to 92 pages in 1965. Simultaneously, parents, teachers, governments and others increasingly turned to the courts to resolve their grievances. More than 1,200 court decisions affecting American public education were handed down during the latter part of the 1960s and early 1970s -- a substantial increase from the 112 court rulings between 1946 and 1956 (Wise, 1979).

Concern was also growing that although Federal programs may have succeeded in targeting services on intended student beneficiaries, their extensive regulations and requirements impeded effective and efficient delivery of educational services, fragmented the instructional programs of all students, restricted State and local discretion in providing educational services, and produced administrative costs for SEAs and LEAs which were not completely reimbursed by the Federal Government.

A sense also began to emerge that the intergovernmental conditions within which Federal policies and programs were enacted and expanded had changed. By the late

Table 2-1

Estimated Federal Outlays for Elementary and Secondary Education by Department: Fiscal Year 1981

(billions)

Department of Education	
Compensatory Education	3.62
Education for the Handicapped	1.04
Impact Aid	.78
Vocational and Adult Education	.68
Other	.75
Total	6.87
Department of Health and Human Services	
Headstart	.74
Social Security Benefits	.38
Total	1.12
Department of Agriculture	
Child Nutrition	2.99
Other	.58
Total	3.57
Department of Labor	1.82
Department of the Interior	.45
Department of the Treasury	.19
Department of Commerce	.02
Department of Defense	
Overseas Dependent Schools	.43
Other	.13
Total	.56
Veterans Administration	.24
TOTAL ESTIMATED FEDERAL SPENDING FOR ELEMENTARY/SECONDARY EDUCATION	$14.84

Source: U.S. Department of Education unpublished data.

Table 2-2

Federal Support for Elementary and Secondary Education
Fiscal Year 1981

	Aggregate $ (billions)	$ Per Pupil
Total Federal Support[1]	$27.53	
Public	26.92	670
Private	0.61	121
Total Direct Federal Support	14.84	
Public	14.23	354
Private	0.61	121
Total ED Support	6.87	
Public	6.59	164
Private	0.28	56
Total Indirect Federal Support[2]	12.69	
Public:		
Property Tax	3.79	94
Other Non-Business State and Local Taxes	8.90	222

[1] Includes both direct and indirect support. Direct support takes the form of program expenditures which are distributed on a grant or formula basis. Indirect support comes in the form of tax subsidies or expenditures, defined as revenue losses attributable to provisions of the Federal tax laws that allow a special exclusion, exemption or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.

[2] This estimate of indirect Federal support for public schools was limited to a portion of Federal tax subsidies for owner-occupied property tax deductions and non-business State and local taxes other than the property tax on owner-occupied homes.

Source: Office of Planning, Budget and Evaluation

Table 2-3

U.S. Department of Education: Outlays for Elementary and Secondary Education[1]
Selected Fiscal Years 1960 to 1983
(millions)

Program	1960	1968	1976	1980	1981	1982	1983
Compensatory Education for the Disadvantaged	$ ----	$1,049	$1,761	$3,095	$3,415	$2,954	$2,643
Education for the Handicapped	<1	17	152	822	1,032	1,141	1,290
Bilingual Education	----	----	80	170	110	166	163
Indian Education	----	----	42	93	56	78	70
Special Programs & Populations[2]	74	507	683	913	736	755	553
Vocational Education[3]	45	225	591	749	659	724	633
Adult Basic Education[3]	----	29	64	120	69	91	85
Impact Aid	258	506	599	690	753	546	548
Education Research & Statistics[4]	4	67	76	90	61	82	60
Total Outlays	$ 381	$2,400	$4,048	$6,742	$6,891	$6,537	$6,045

[1] Does not include Department of Education salaries and expenses.

[2] Includes programs consolidated under ECIA, and for Fiscal Years 1982 and 1983, Chapter 2, the State Block Grant.

[3] Includes funds that have been allocated to postsecondary education. In FY '81 this was estimated to account for 8% of all vocational and adult education outlays.

[4] Only includes outlays for the National Institute of Education and the National Center for Education Statistics and their predecessor organizations. The work of these units spans all levels of education.

Source: NCES, Digest of Education Statistics, 1982 and the Office of Planning, Budget and Evaluation.

Chapter 2, P.L. 94-142, Vocational Education, ESEA Title VII, and the civil rights statutes. These activities represent the major Federal elementary and secondary education programmatic and civil rights activities and accounted for $6.1 billion of ED's $7.1 billion budget for elementary and secondary education in FY 1984. Following is a brief description of basic features of the specific programs cited above:

Compensatory Education for the Disadvantaged (ECIA Chapter 1)

The program of compensatory education for the disadvantaged was first enacted as Title I of ESEA in 1965 and was most recently amended by the Education Consolidation and Improvement Act of 1981. The programs authorized under Chapter 1 support supplementary educational services designed to increase the educational attainment of economically and educationally disadvantaged children to a level of achievement appropriate for children of their age.

Basic Grants to Local Educational Agencies (LEAs) remain the primary vehicle for providing compensatory education services to the disadvantaged. Financial assistance is made available to school districts according to the number of low-income families, weighted by State average per pupil expenditure. Specific statutory formulas govern allocations to States and counties and similar procedures determine the distribution of funds to school districts. Funds made available to school districts are intended to support locally-designed and delivered compensatory education programs. LEAs are expected to target these funds on their students who are in the greatest need of supplementary services.

Chapter 1 also contains three other program components: Grants to State Educational Agencies to support special educational services to children of migratory workers, handicapped children in State institutions (or children who have left such institutions and are served by LEAs), and neglected and delinquent children in State-operated or State-supported institutions; grants for State Administration of Chapter 1 programs; and funds for Evaluation and Studies of program effectiveness.

In FY 1984, a total of $3.48 billion was appropriated for Chapter 1, with $3.0 billion of that appropriation for basic LEA grants, and $437.2 million for State agency programs including $258 million for SEA grants to Migratory Children, $146.5 million for Handicapped Children in State Institutions, and $32.6 million for neglected and delinquent children. In addition, $34.4 million was appropriated for State administration and $4.7 million for evaluation and studies.

State Block Grant (ECIA Chapter 2)

As part of the Education Consolidation and Improvement Act of 1981, a State block grant was authorized to assist States and LEAs improve the quality of elementary and secondary school programs for children in public and private schools.[12] Within the block grant there are three subchapters which authorize programs for: Basic Skills Development, Educational Improvement and Support Services, and Special Projects. In contrast with the antecedent categorical programs, the State block grant is designed to give States and LEAs the flexibility to design programs in accordance with their own priorities, rather than in response to Federally-imposed priorities and rules. In addition, the Chapter 2 block grant is designed to be carried out with a minimum of administrative requirements and paperwork, thereby freeing State and local school officials to concentrate their revenues on the education of children.

Appropriations for Chapter 2 are distributed to the States according to the number of children aged 5-17 in each State, after up to one percent of the appropriation has been reserved for five outlying geographic jurisdictions and up to six percent has been reserved for the Secretary's Discretionary Funds.[13] No State receives less than 0.5 percent of the total amount available. States may retain up to 20 percent of the block grant for activities at the State level, but must distribute at least 80 percent of their appropriation to school districts. This distribution is also based on school-age population, but each State must devise further criteria to give additional weight for children whose education can be expected to pose a higher than usual cost to a school district.

Chapter 2 discretionary funds, referenced above, are used by the Secretary of Education for small scale initiatives, focused on such priority areas as excellence in education and educational technology, and to assist State and local educational agencies in improving school programs. In addition, three programs are specifically mandated from this account: the Inexpensive Book Distribution Program, Arts in Education, and Alcohol and Drug Abuse Education.

FY 1984 appropriations for ECIA Chapter 2 were $479.4 million. Of this total, $450.7 million is for the State block grant, $11.5 million for the mandated programs and $17.3 million for the Secretary's discretionary programs.

[12]See Appendix C for a list of the consolidated programs.

[13]The five jurisdictions are Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands.

Education For All Handicapped Children Act (PL 94-142)

The purposes of this legislation are to assist States in providing for a free and appropriate public education for all handicapped children and to protect the rights of handicapped children and their parents. Federal funding is provided through State grants, including a basic State grant and a pre-school incentive grant, and through special purpose funds for deaf-blind centers; severely handicapped projects; early childhood education; regional vocational, adult and postsecondary programs; innovation and development; media services; regional resource centers; recruitment and information; personnel development; and special studies.

The basic State grant represents the major component of Federal appropriations for the handicapped. These funds are designed to offset a part of the excess costs that States and LEAs incur in educating handicapped children, age 3 to 21. Appropriations are allocated to States based on the number of handicapped children receiving special education in each State. At least 75 percent of the funds appropriated must be passed through by the SEAs to LEAs, with States permitted to retain up to 25 percent of the funds for support services and State-level administration. In FY 1984, $1.07 billion was appropriated for the basic State grant, out of a total appropriation of $1.24 billion for handicapped programs. Of the remaining funds, $26.3 million are for preschool incentive grants and $144.2 million for special purposes.

Vocational Education Act (VEA)

The Vocational Education Act aims to help States develop vocational education programs and improve planning for vocational education and employment training. Federal vocational education appropriations contribute to meeting the vocational education needs of youth and adults, and in turn meet the needs of State and local economic development strategies. They are also designed to promote equal opportunity in vocational education for all persons, including the handicapped, disadvantaged, limited-English-proficient, and women, and support State and local programs of consumer and homemaking education.

The vocational education legislation contains several program components such as grants to the States for basic program improvement and support services and "programs of national significance." The legislation also includes separate appropriations for special programs for the disadvantaged, and for consumer and homemaking education, and funding for State advisory councils and planning grants. Vocational education funds are allocated to States according to a formula based on (1) State population in three age cohorts (15-19, 20-24, and 25-65) during the preceeding fiscal years; and (2) State per

Chapter 3

DESIGN CHARACTERISTICS OF FEDERAL POLICIES AND PROGRAMS

Federal education activities are designed to be administered through the intergovernmental system and have typically relied on a mixture of financial incentives, reporting requirements and sanctions to achieve their policy objectives. The behaviors Federal officials expect of State and local implementors of Federal policy are transmitted through a variety of formal and less formal "signals." Although the formal conveyors of Federal policy are each program's legal framework, State and local actions are also based upon other means of policy communication at different points in the policy process and conveyed to States and localities through a variety of channels. The concept of Federal signals reflects the national policymaking arena which is characterized by multiple centers of power within the Federal, State, and local levels of government.

Program signals begin to emerge from the Congress and executive agencies as part of the political processes which ultimately produce a law. After a law is enacted, program regulations, administrative decisions made by executive agency officials, and congressional appropriations, oversight hearings and legislative reauthorizations all help shape the perceptions of Federal as well as State and local administrative officials.

The Legal Framework

Once decisions are made regarding a particular Federal policy, in terms of the purpose to which a program is intended to respond, the overall plan or strategy for achieving the policy's objectives is defined through a legal framework. Specifically, the legal framework as established by the Congress and the executive branch determines (1) whether and how to provide financial and technical assistance; (2) which legal provisions to employ; and (3) the distribution of management responsibilities among the Federal, State, and local levels of government.

Financial Assistance

During the legislative process the Federal Government must resolve a number of issues within two key dimensions concerning financing of its education activities. First, the Federal Government must decide whether grants will be distributed by a formula, through a competitive process, or through a combination of the two. Second, it will implicitly decide the relative proportion of program costs authorized for funding by the

Federal Government.

Within the first dimension, directing the flow of Federal funds helps determine what educational and fiscal benefits will accrue to children and taxpayers, respectively, of different States and communities. Most of the large education programs use explicit statutorily established mathematical formulas to distribute Federal funds. Variables used in these formulas include: handicapped children in each State between the ages of 3 and 21 for P.L. 94-142; State population between the ages of 15-19, 20-24, 25-65 for Vocational Education; and school-age population between the ages of 5 and 17 for ECIA Chapter 2. Some programs also rely on a combination of variables in determining their funds distribution formulas. For example, ECIA Chapter 1 considers pupil and child counts of children from low-income families in an LEA or county as well as level of State per pupil expenditure. The Vocational Education Act takes State per capita income into consideration.

Formulas and/or discretionary processes may also be used for intra-State distribution. P.L. 94-142, for example, requires States to distribute 75 percent of their funds according to a Federally-determined formula and allows States either to retain the remaining 25 percent or distribute it to LEAs through discretionary grants.

Project grants or discretionary selection processes are typically used by the Federal Government to distribute funds when the program is designed to serve only a relatively small number of LEAs. In 1981, most of the Federal discretionary programs were consolidated into ECIA Chapter 2, a formula grant. However, ESEA Title VII, Bilingual Education, is an example of a program in which Federal discretionary grants are awarded to LEAs following a competition.

Within the second dimension, the Federal Government must also decide whether the program will be completely funded at the Federal level, whether States and localities will be required to contribute a portion of funding, or whether no Federal funds will be provided even though States and localities must meet the program's requirements.

Implicit in a full-funding approach (e.g., ECIA Chapter 1) is a decision that most States cannot, should not, or will not be responsible for program operation costs. Federal cost-sharing programs (e.g., Vocational Education Act) reflect a belief that the Federal Government should provide an incentive to stimulate States and localities to use their own funds by providing some Federal resources and enacting requirements. A different type of strategy characterizes civil rights policies (e.g., Title VI of the 1964 Civil Rights Act). Instead of providing Federal funds to SEAs and LEAs, civil rights statutes prohibit SEAs and LEAs from discriminating against protected groups in any program receiving Federal funds.

Technical Assistance

The Federal Government may also provide non-monetary resources to SEAs and LEAs in the form of technical assistance. Technical assistance refers to statutory requirements that the Federal Government provide State and local education agencies with expert assistance in a designated area, and often in conjunction with legislation providing Federal grants. In some cases, (e.g., ECIA Chapter 2) the legal framework specifies that technical assistance will be provided only upon request. In others, (e.g., ESEA Title VII) the Department of Education must describe model programs to assist LEAs in designing their grant applications for bilingual education funds. Technical assistance in education also exists in the form of research and information collection activities of the National Institute of Education (NIE) and the National Center for Education Statistics (NCES). However, only a small portion of total Federal education resources are devoted to technical assistance.

Legal Provisions

A critical set of choices during the policymaking process involves the development of legal provisions that will govern the programs. For Federal grant programs, legal provisions are designed to ensure that funds serve their intended purpose. They are also a critical element in defining the extent of Federal control and State and local discretion within individual programs.[1] Legal provisions establish the procedures and requirements that State and local education agencies must follow in order to receive Federal funds. The range of legal provisions attached to a Federal assistance program may accomplish several purposes, including: targeting resources on particular individuals or jurisdictions; specifying procedures and processes; and ensuring the participation of specific groups in decisions about resource utilization, program structure, and operation.

For the civil rights laws, legal provisions establish the policies and procedures SEAs and LEAs must adopt to demonstrate non-discrimination. Provisions associated with the civil rights statutes require grant recipients to treat specified student populations equitably and in a non-arbitrary manner, based as they are on the concept of equal educational opportunity. By implication, this may necessitate differential or separate treatments of particular populations for all or a portion of the school day. Section 504 of the Rehabilitation Act of 1973, for example, states that handicapped students may require equivalent rather than identical services to enable them to receive an

[1]See Appendix D for a list of categories of legal provisions used in Federal grant programs and civil rights statutes.

capita incomes for the three most recent fiscal years. In allocating funds to local recipients, States must give priority to economically depressed areas and areas with high unemployment rates, and to programs which meet new and emerging employment needs. In addition, from its combined funds for Basic Grants and Program Improvement and Supportive Services, each State must use at least 20 percent for services for the disadvantaged and limited-English-speaking students, 15 percent for postsecondary and adult programs, and 10 percent for services for the handicapped.

In February 1983, as part of the 1984 Budget Proposal, the Reagan Administration recommended consolidation within the Vocational Education authorizations. The Congress has yet to act on this proposal. In FY 1984, $738.5 million was appropriated for Vocational Education, with about $567.0 million allocated for the basic State grant, another $99.6 million for improvement and support services, $31.6 million for consumer and homemaking education, $14.4 million for special programs for the disadvantaged, and the remaining $25.9 million for other program areas.

Bilingual Education Act (ESEA Title VII)

The Federal bilingual education effort was developed to address the academic problems of school children from a non-English language background who are not fluent in English. Federal aid is provided to assist school districts and States build their capacity to provide bilingual education. The program's goal is to improve educational opportunity for limited-English-proficient children by increasing their proficiency in English, so that they may enter an all-English language educational program as soon as possible. In support of this goal, awards are made for: basic grants to school districts for capacity-building or demonstration; training, including fellowships and grants to institutions of higher education for degree-oriented training; developmental grants to schools of education; State education agency training; resource centers providing training and other services; and support services, including State education agency assistance, research and evaluation studies, a clearinghouse, and a national advisory council.

Appropriations in FY 1984 for Bilingual Education under ESEA Title VII are $139.4 million. Grants to school districts account for $89.6 million, bilingual training grants for $32.6 million, support services for $13.5 million, and bilingual vocational training (authorized under VEA) for $3.7 million.

Civil Rights Statutes

The civil rights laws directly related to prohibiting discrimination in education are Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972,

Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975. These statutes forbid recipients of Federal aid from discriminating on the basis of race, color, national origin, sex, handicapping condition, or age. These statutes do not provide any Federal funds; rather grant recipients must follow Federal requirements as a condition for receiving aid.

All Federal civil rights laws share a number of common characteristics. First, they are succinct and define the rights of individuals in one sentence. Title VI, for example, states: "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participating in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal assistance." Second, enforcement is the responsibility of the Office for Civil Rights in the Department of Education, not of the financial assistance program offices in the Department. Third, three progressively more stringent types of actions for noncompliance are available: (1) attempts must be made by the Department of Education to obtain compliance through the grant recipient's voluntary agreement; (2) if this is unsuccessful, action to withhold Federal funds from the grant recipient must be undertaken; and (3) finally the matter may be referred to the Department of Justice for litigation. (Winslow and Peterson 1982). Fourth, although SEAs are technically responsible for ensuring that Federal funds are used in accordance with the civil rights mandates, virtually all enforcement rests with the ED's Office of Civil Rights.

and separable programs as they had prior to the consolidation (McDonnell and McLaughlin, 1980).

In most instances, after a law is enacted by the Congress the responsible executive agency develops specific program regulations in order to define standards, procedures and requirements for Federal, State and local officials, and resolve ambiguities and contradictions emerging from the legislative process. This is accomplished in part by interpreting legislative intent based upon statutory language, congressional hearings, and committee reports. In 1965, the ambiguity surrounding Title I's objectives was not resolved by the initial program regulations and the Office of Education did not stress procedures which would have ensured the targeting of Federal funds on educationally disadvantaged students (Murphy, 1971). In this instance instead of resolving ambiguity, Federal officials fostered it. P.L. 94-142's goal of a free and appropriate education is also illustrative of Congress providing a broad framework and leaving executive agency officials to define specific standards.

Choices available to Federal officials also involve monitoring and enforcement efforts, issuance of interpretative guidelines, and review of program plans, applications and waiver requests. Executive agency decisions reflect the priority Federal officials assign to each function. According to a review of Federal management of Title I, the shift in Federal auditors' enforcement posture from an emphasis on wholesale violations involving the use of Federal funds as general aid to violations of specific fiscal provisions such as non-supplanting of State and local funds, significantly influenced State and local practice (Winslow, 1979). SRI researchers recently found that LEA officials remember Title I audits conducted over a decade ago and still typically design their local programs to most easily show compliance with fiscal controls (Knapp et al., 1983).

Congressional Review

Congress continues to influence the Federal signals transmitted to States and localities after a law has been enacted through the annual appropriations process (sometimes including special authorizations or instructions regarding a program and the emphases to be placed on given program elements), oversight hearings, and periodic legislative reauthorizations. Congressional attitudes towards individual program objectives and operations may be conveyed through yearly appropriations which can control executive agency actions by regulating program funding levels and defining the funds available for program management. Oversight hearings provide members of Congress with the opportunity to question Federal, State, and local program officials, as well as make their own opinions known. Requirements for periodic legislative

educationally and economically disadvantaged students formerly authorized by ESEA Title I. It modifies many regulatory requirements of ESEA Title I while retaining the fiscal accountability provisions. As with Title I, ECIA Chapter 1 requires local school systems to: (1) use Federal aid as a supplement to otherwise available State and local resources, (2) ensure comparable services between recipient and non-recipient schools, (3) maintain fiscal effort and keep records for fiscal audits and program evaluations, (4) consult with parents and teachers about the design and implementation of programs, and (5) provide services equitably to private school students. However, unlike Title I, recipient LEAs have substantially greater discretion in meeting these requirements. Chapter 1 contains fewer reporting requirements, defines comparability less stringently, modifies maintenance of effort requirements, allows greater flexibility in selecting student beneficiaries, and eliminates requirements for parent advisory councils.

Chapter 2 consolidates 29 of the smaller categorical programs into a block grant for educational improvement. Under Chapter 2, LEAs have significant discretion in designing services that address their own educational needs and priorities. Programs included are: parts or all of ESEA Titles II, III, IV, V, VI, and IX; the Alcohol and Drug Abuse Act; the Teacher Corps Program of the Higher Education Act; Follow-Through; pre-college science teacher training of the National Science Foundation; and the Career Education Incentive Act. (A full listing of the merged programs appears as Appendix C.) By establishing a formula driven funds allocation process for at least 80 percent of Chapter 2 dollars, ECIA created a general aid program that spreads Federal funds more evenly across all of the nation's school districts.

Chapter 3 authorizes the Secretary of Education to issue program regulations for Chapters 1 and 2 relating to fiscal accountability, but prohibits regulations establishing requirements and procedures for SEAs and LEAs to follow when planning, developing, implementing, and evaluating programs and projects (P.L. 97-35, Sec. 591, August 13, 1981). This authority also permits the Secretary to consult with SEAs, LEAs, and private agencies and to provide technical assistance upon request.

Federal Expenditures for Education

Although this report focuses on Department of Education programs, any examination of Federal education aid must recognize that other Federal activities also provide funds and services to local schools. A recent analysis by Miller and Noell (1982) has noted that (1) a complete tabulation of Federal education aid must include non-Department of Education activities where many significant education related programs

are located (e.g., child nutrition in the Department of Agriculture); (2) many Federal programs have other primary concerns even though education is involved (e.g., Head Start in the Department of Health and Human Services); (3) accurate attribution of the Federal government as the source of funds often does not occur when initial aid recipients, such as an SEA, pass Federal funds on to LEAs; and (4) indirect support, such as tax subsidies, are often not included in such tabulations.

Calculating Federal aid to elementary and secondary education according to this approach, the direct on-budget Federal contribution in FY 1981 was $14.84 billion (see Table 2-1). Of this total $7.97 billion was accounted for by non-ED programs. These Federal funds have traditionally been directed toward public school students. Although opportunities for private school students to equitably participate in Federal programs have increased over time, in 1981 estimated expenditures for private school students totaled only $610 million. By including both direct Federal expenditures (i.e., grants) and indirect Federal support (i.e., tax subsidies) Federal support of elementary and secondary education in fiscal year 1981 was estimated at $27.53 billion (see Table 2-2).

As the Federal role in education expanded in the '60's and '70's, outlays for elementary and secondary programs grew 1700 percent (see Table 2-3).[11] Since 1980, outlays have remained relatively stable as the Reagan Administration has attempted to check the growth of domestic spending in order to reduce the rate of inflation and return the economy to a sound footing.

Selected Federal Education Activities

The Federal role in elementary and secondary education currently consists of programs administered by the Department of Education, and a number of programs administered by other departments which provide benefits for children in grades pre-K through 12. In addition, civil rights laws provide guarantees of non-discrimination based on race, color. sex, national origin, handicap, and age that are required of all jurisdictions participating in Federal education subsidy programs. The Department of Education has an Office for Civil Rights that administers these requirements as they pertain to ED-administered financial assistance programs.

This report is based largely on Federal activities under ECIA Chapter 1, ECIA

[11] Outlays are the Federal funds actually spent during the fiscal year. For some Federal education programs (e.g., Chapter 1, P.L. 94-142, and portions of bilingual education and vocational education) support is "forward funded" which means that FY 1982 appropriations support 1982-83 school year activities.

appropriate education.

Program Management Responsibilities

In order to ensure that Federal objectives are realized, management and oversight responsibilities are distributed among the three levels of government. Management functions include reviewing and processing local applications; allocating funds among eligible jurisdictions; monitoring, auditing, and evaluating local programs; acting as a forum for dispute resolution; imposing sanctions, and making decisions that arise in the course of the program implementation process.

The distribution of management responsibilities assigned to the Federal Government, SEAs or LEAs is different for each Federally-funded activity. For most programs, SEAs have significant management responsibility. Although the extent of Federal and SEA oversight and discretion varies among Federal programs, Federal funds are typically transferred to the SEA for reallocation to LEAs, and monitoring and enforcement obligations are assigned to the SEA. In a few Federal activities (i.e., ESEA Title VII and the civil rights statutes) the distribution of management responsibilities is primarily divided between the Federal and local levels, with minimal involvement by the SEA.

Transmitting Federal Intent: Federal Signals

A program's legal framework presents an incomplete or underdeveloped snapshot of how Federal intent is transmitted to State and local education agencies. The Federal system is characterized by multiple centers of power with officials at all levels of government making policy and programmatic choices and participating in a continuing process of intergovernmental bargaining.

Strategies for Federal policy, are given meaning not only through formal "signals" transmitted via the legal framework, but also through other aspects of the policy process which collectively produce expectations for State and local officials concerning the administration of Federal policies and programs. In addition to the legal framework which establishes the broad strategy of Federal involvement, program signals are transmitted to States and localities through a program's legislative history, Federal administrative decisions, and periodic congressional review. In the course of fulfilling their legal responsibilities, States also generate signals to localities regarding appropriate practice in the stewardship of Federal funds. This can result in significantly different signals reaching the local level from State to State. Due to the number of

possible sources and the fairly independent manner in which they operate, the array of signals transmitted about a specific program has in a number of programs been contradictory, inconsistent, or vague.

Legislative History

Statutory language may mask the true intent of Federal objectives. Research shows that the first indication of Federal signals emerges during a program's legislative development. House and Senate committee hearings and conference reports offer an early indication of congressional intent and may be important in interpreting a statute's objectives because authorizing legislation is often ambiguous on critical matters of procedure or purposes due to the political nature of the legislative process.

ESEA Title I is an often cited example of broad legislative language failing to convey legislative intent accurately. Because many policymakers viewed Title I as a general aid bill when it was passed in 1965, and the statute's language was not precise in conveying the government's intent in such areas as "targeting" and use of funds, its early years of operation were marked by a degree of conflicting behavior on the part of States and localities (Murphy, 1971; Bailey and Mosher, 1968). Another illustration is the funds distribution requirements of the 1976 Amendments to the Vocational Education Act which, according to researchers, do not clearly establish intra-State distribution criteria. One researcher has attributed the confusing criteria to Congress' inability to reconcile divergent perspectives between the House and Senate (Hartle, 1980). Problems relating to distribution requirements prompted the congressionally mandated study of Vocational Education to conclude that: "The complexity and lack of clarity of the Vocational Education Act have meant that Federal administrators have had to assume substantial responsibility in trying to insure that the distribution of funds by the States is congruent with Federal goals" (NIE, 1980, p. XV).

Federal Administration

Program provisions established by the formal legal framework are administered by executive agency officials. In the end, these officials often have significant discretion in administering programs within the confines of statutory provisions and the program regulations they themselves promulgate.

Administrative decisions can affect the Federal signals sent out by a program. For example, the failure of the Office of Education to consolidate program offices after passage of the Title IV consolidation in 1974 has been identified by researchers as the reason why many States and localities continued to treat the new title as a set of distinct

reauthorization of Federal statutes allows Congress the opportunity to modify, remove, and add new statutory provisions. Committee reports accompanying legislation may also provide some general guidance about congressional intent and preferences.

Signals for Federal Policies and Programs

The Federal signals examined in the previous section coalesce over time to form a unique Federal policy strategy for each activity. In this section the mix of signals for the Federal policies and programs selected for this report are presented in order to provide an understanding of how Federal policies are transmitted through the intergovernmental system. For each of the following Federal activities the relative importance of specific signals is different.

Compensatory Education (ECIA Chapter 1)

Signals regarding Chapter 1, which became effective for the 1982-1983 school year reveal a Federal aid strategy that (1) requires no State funding of supplementary services for identified educationally disadvantaged students in low-income areas;[2] (2) requires a substantial State role in program administration, but generally leaves program design to the districts; and (3) defers to State and local discretion in defining eligible schools and students.

Passage of ECIA Chapter 1 to replace ESEA Title I has significantly altered Federal signals regarding the Federal compensatory education program. Although Chapter 1 funds are distributed according to the same formula as under Title I, the new statute authorized a number of important changes while retaining Title I's educational objectives. For example, all economically and educationally deprived students (as defined by the statute) may be considered for services rather than just those who have the greatest need, giving LEAs more discretion in determining which students to serve. A number of fiscal accountability requirements such as "supplement not supplant," "maintenance of effort" and "comparability" have also been modified to enhance local flexibility and minimize Federally-imposed administrative burdens. State and local funds spent on activities similar to Chapter 1 purposes are excluded from supplement, not

[2]Although a number of States provide their own funds for compensatory education services, these State funds are not necessarily targeted on the same student populations as Chapter 1. For example, some States allocate their own funds to LEAs based upon low achievement, while Chapter 1 funds, in contrast, are distributed to LEAs on the basis of concentrations of low-income children; and at the school level low-achievement is the criterion for eligibility.

supplant determinations. Maintenance of effort is reduced from 100 to 90 percent of the previous year's level. The basis for determining that comparable non-Federal resources are being spent in both Chapter 1 eligible and non-eligible areas has been altered and the requirement that an LEA annually report on its compliance with the comparability requirement has been eliminated.

Chapter 1 signals convey a Federal desire to provide services for intended students while maximizing State and local discretion and reducing Federally-imposed administrative burdens, such as reporting requirements, in contrast to Title I signals which focused on State and local compliance with Federal regulations. There is some very preliminary information, however, to indicate that States and localities are reluctant to modify pre-ECIA procedures for fear that the program requirements will in time be tightened and Federal auditors will then disallow certain expenditures (Moore et al, 1983; Knapp et al., 1983; AIR, 1982). Current practices are also the result of many years of internal negotiation and accommodation. Even without the concern that more stringent requirements will be imposed in the future, State and local change may be slow to emerge in a program that is as well established as compensatory education.

Education For All Handicapped Children Act (P.L. 94-142)

The Federal strategy for P.L. 94-142, The Education For All Handicapped Children Act (1) entitles every handicapped child to a free, appropriate education in the least restrictive environment; (2) provides participating States with only a portion of the necessary funds to cover the full cost of Federal requirements; (3) establishes a Federal-State-local management structure, and relies on State oversight and monitoring of local activities.

An important Federal signal regarding P.L. 94-142 has been court interpretations of the statute. These have typically supported parental appeals of LEA decisions regarding student placement and appropriate educational and support services, and have generally served to strengthen the statutory requirements and to clarify LEA responsibilities for educating students with mental or physical handicaps.

Federal signals for P.L. 94-142 differ from those transmitted about Title I and now Chapter 1 in a number of ways. First, the statutory language is generally clear and precise. States have little flexibility as a result of Federal requirements for individualized education programs (IEPs) and due process procedures, although the statutory language is vague in defining a free and appropriate public education, related services, and excess costs. Second, P.L. 94-142 is both a grant program and a program that guarantees equal educational opportunity for the handicapped in the sense that

regulations implementing P.L. 94-142 are one means of compliance under Section 504 of the Rehabilitation Act of 1973 - - which prohibits discrimination in Federally-assisted programs on the basis of handicapping condition. States and localities must also provide the necessary funds to pay for Federally-required services regardless of Federal appropriation levels. Third, in contrast with Chapter 1, Federal audits have only been infrequently used to influence State and local behavior even though P.L. 94-142 is second only to Chapter 1 in Federal elementary and secondary appropriations.

State Block Grant (ECIA Chapter 2)

ECIA Chapter 2, the Federal block grant for educational improvement (1) provides funds to the LEAs through the States - - States may retain up to 20 percent of their appropriations for their own use; (2) requires only minimal State involvement and (3) allows LEAs virtually complete authority in deciding how to spend these funds within three broad areas: basic skills development, educational improvement and support services, and special projects.[3]

Chapter 2 funds are to be used for educational improvement activities which are compatible with LEA determined educational needs and priorities. Funds are distributed to States based on the ratio of a State's school-age population to the school-age population of all the States. States in turn distribute at least 80 percent of the monies to LEAs according to a State-developed formula. Except for developing an intra-State funds distribution formula, State administrative responsibility for this LEA portion of Chapter 2 is minimal.

Federal signals for Chapter 2 are still emerging and have not had time to "settle in" as the program did not become effective until the 1982-1983 school year. The principal signal that has emerged during Chapter 2's brief existence is that LEAs have virtually unlimited flexibility in developing programs tailored to their specific needs.

Vocational Education

The signals in the Vocational Education Act reveal a program which (1) finances vocational education services developed by States and localities; (2) provides specific

[3]ECIA Chapter 2 consolidated 29 on-going categorical programs into a State block grant for educational improvement. With the exceptions of the Emergency School Aid Act (ESAA) which awarded competitive grants to LEAs undergoing voluntary school desegregation, and ESEA Title IVB which provided funds for library resources, textbooks, and instructional materials, the consolidated programs had relatively small appropriations. See Appendix C for the complete list of antecedent programs.

funds for services to students with special education needs; (3) requires States and localities to match Federal funds; (4) emphasizes a strong State role, including requiring strict oversight of services for special needs students; (5) allows significant State-local discretion in the basic grants program; and (6) contains requirements for intra-State funds distribution that have been characterized by researchers as confusing.

As a result of changes in the Vocational Education Act authorized in 1976, the congressionally mandated study of Vocational Education characterized the existing statute "as prescriptive in the processes and procedures it requires, but permissive in the discretion it allows the States in deciding upon the uses to which they may put the Federal grants-in-aid it authorizes" (NIE, 1981, p. xxiii).

Congressional criticism of Federal administrative efforts to ensure services for special needs students surfaced during the 1976 reauthorization process and subsequently resulted in a more assertive administrative posture. Federal officials employ a variety of methods to administer the Vocational Education Act including reviewing State plans, providing technical assistance, and on-site monitoring of projects. They have been criticized by the congressionally mandated study for their emphasis on technical compliance with the letter of the law instead of pursuing the broader legislative purposes (NIE, 1981).

Statutory requirements for State distribution formulas have also been characterized as unclear and have been criticized for resulting in intra-State fund allocations that are inconsistent with the intent of the Act. The congressionally mandated study of vocational education reported: "Probably no aspect of the 1976 Amendments has generated more controversy, confusion, and frustration than the issue of how States are to distribute funds to eligible recipients... clear Federal guidelines have not yet been established, and every State operates under conditions of uncertainty about the Federal requirements" (NIE, 1980, p. III-42).

Bilingual Education (Title VII)

ESEA Title VII, the Bilingual Education Act (1) awards fully Federally-funded project grants of a fixed duration directly to local districts for the development of local bilingual education programs; (2) specifies requirements concerning the design and content of local programs not present in other Federal special needs programs; and (3) operates, in effect, according to a Federal-local management structure requiring only minimal State involvement.

Although they may review and comment on LEA applications, SEAs have essentially no oversight responsibilities and do not have authority to reject or approve such

applications. An SEA may, however, receive up to five percent of the total Title VII funds received by all districts within its State for coordinating technical assistance to participating LEAs.

The 1978 Amendments to the Elementary and Secondary Education Act attempted to clarify a number of issues by specifying rapid acquisition of English as a clear program goal and requiring that funds be spent on students most in need of service. LEAs receiving Title VII funds must develop plans to continue the services after Federal funds are no longer available at the end of the grant as Title VII is supposed to be a capacity building program.

The goals, objectives and requirements of Title VII have been the subject of debate for many years. The resultant lack of clarity has often led to diverse practices by LEAs that are inconsistent with legislative intent. Signals emanating from Title VII's Federal-local management structure are one reason for these inconsistencies. As a result of the minimal Federal requirements for State involvement, Federal administrative oversight at the State-level is practically nil. The lack of Federal oversight at the State level, therefore sends an important signal to the States about their responsibilities for Title VII. States typically do not closely monitor local Title VII grantees. For example, in the ETS sample even though SEAs in seven of the eight States received Title VII funds, half at best superficially oversaw local programs. Those States which were more actively involved had State bilingual education activities.

Civil Rights Statutes

Federal civil rights laws are designed to ensure equal educational opportunity for most classifications of special needs students. Discrimination on the basis of race, color, national origin, sex, handicap, and age is forbidden; however, equal educational opportunity for educationally disadvantaged children is not guaranteed. The civil rights laws most directly related to prohibiting discrimination in schools are Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, and Section 504 of the Rehabilitation Act of 1973 and the Age Discrimination Act of 1975. Together these statutes (1) require compliance with antidiscrimination prohibitions as a condition for receiving Federal aid; (2) do not specify a formal State role in local compliance activities; and (3) prescribe no criteria for program design.

Unlike Federal education grant programs, these civil rights laws do not offer Federal aid to offset State and local costs of compliance with Federal objectives. Rather, States and localities must adhere to anti-discrimination prohibitions as a condition for receiving any Federal funds. Civil rights laws have been referred to as

"unfunded mandates" because the costs of correcting violations must be paid for by the unit of government found out of compliance with the anti-discrimination requirements.[4]

The Department of Education's Office for Civil Rights establishes regulations detailing prohibited and required activities. The Federal Government also uses administrative guidelines, policy memoranda, and notices of policy interpretation in administering these laws.

States are not greatly involved in oversight responsibilities for these statutes. They are required only to maintain records relating to compliance, report assurances of compliance to Federal authorities, and except for Title VI, designate a "responsible employee" to oversee compliance. An SEA may become involved in local compliance under a State law's authority or through a project grant authorized by Title IV of the Civil Rights Act for technical assistance and training services to desegregating districts (Winslow and Peterson, 1982).

A critical signal for the civil rights statutes is the nature and scope of Federal oversight over State and local grantees. Because States typically do not have responsibility for complaint resolution or enforcement, it is up to the Federal Office of Civil Rights to identify and investigate non-compliance and pursue remedies.

[4]Occasionally Federal funds are available to assist agencies in correcting or preventing violations and to assist recipients that have voluntarily elected to improve their compliance policies. Title IV of the Civil Rights Act of 1964 provides some funds, including support for desegregation centers; the Vocational Education Act calls for State sex equity coordinators; and the Department of Education's Office for Civil Rights has a budget for technical assistance funds. Prior to its consolidation under ECIA Chapter 2, the Emergency School Aid Act (ESAA) also directly assisted these efforts.

Chapter 4

IMPLEMENTING FEDERAL POLICIES AND PROGRAMS

Experience with managing Federal programs since passage of the Elementary and Secondary Education Act has demonstrated that the implementation of Federal programs is a complex process that takes place over a number of years. Implementation involves more than a basic translation of Federal policies into State and local practices. The process of implementation begins with the development of Federal legislation and continues as Federal regulations and program directives are incorporated within Federal, State, and local organizations and processes, and ultimately becomes part of school district and school practices.

The following points concerning the implementation of Federal education activities through the intergovernmental system summarize the information presented in this chapter:

- States and localities are active participants in shaping the Federally-funded services that are provided in schools. Although Federal activities are based upon top-down assistance strategies, the manner in which programs are implemented reflects an intergovernmental system with responsibilities shared by all levels of government.

- States and localities must, in addition to complying with Federal requirements, also have sufficient managerial capacity to achieve Federal education policy objectives.

- The most important portion of the implementation process occurs in local districts and schools where Federal signals tempered by State interpretations are translated into instructional services. The success of Federal activities is heavily dependent upon local service providers.

- LEAs and schools are not simply passive executors of Federal policies and programs. Within the statutory and regulatory constraints imposed by the Federal Government they exercise considerable discretion in allocating Federal resources, designing Federally-funded services, and assigning students to specific services.

- Implementation problems associated with Federal activities have been reduced through the combined efforts of local officials (who became familiar with the initiatives) and Federal policymakers (who adjusted statutory provisions and program regulations to help meet local concerns). While some of the controversy that has characterized these programs abated as localities made certain accommodations, Federal programs and service mandates continue to make demands on the time and energy, if not the budgets, of local administrators.

Program implementation involves four sets of responsibilities. First, policies or programs must be developed by the Federal Government. Second, Federal intent is transmitted to States and localities through an array of Federal signals, a concept

examined in Chapter 3 of this report. Third, for many Federally-funded educational services (e.g., Chapter 1, P.L. 94-142 and Vocational Education) the Federal Government depends greatly on SEAs to interpret Federal requirements and assume monitoring and oversight responsibilities. Fourth, local education agencies and schools provide Federally-financed services. What follows is a discussion of each of these sets based on the three field-based studies contracted for by the School Finance Project, other Federal program studies commissioned by the Department of Education, and other published works.

Federal Implementation

Program implementation should not be viewed as an activity that takes place independent of policy formulation and program design. Scholars have concluded that implementation begins when legislative goals and mechanisms are selected and that it is important to consider potential problems during the legislative process (Pressman and Wildavsky, 1973). Bailey and Mosher (1968), for example, have attributed many of Title I's problems during its early years to the haste in which the statute was enacted. Berman (1982) maintains that policymakers must think strategically and decide both if a proposed law can be implemented, and what the cost would be.

A program's implementation strategy, as defined by a specific mix of financial incentives, technical assistance, and sanctions is ideally developed with an eye to how the policy or program will be accepted by States and localities. Appropriate implementation strategies vary for different types of Federal activities. Federally-funded services for special needs students who require more costly services are typically compliance oriented -- States and localities receive Federal funds subject to Federal rules and requirements which are uniform across all jurisdications. On the other hand, Federally-funded activities directed toward school improvement and innovation normally have fewer requirements or "strings" associated with State and local receipt of Federal funds.

However, implementation strategies also change as a program evolves and is incorporated into State and local routines. The programmatic history of Title I is illustrative. In response to early evaluations of Title I which revealed that intended beneficiaries were not receiving services, the Federal signals transmitted to States and localities changed. Federal administration was tightened and provisions added to ensure that funds were spent on intended services and for intended beneficiaries. Despite resistance to more stringent Federal control there began what Kirst and Jung (1980, p. 15) have characterized as an "incremental movement toward a more active Federal

involvement in the program's administration...considered necessary to meet Federal objectives".

As the Title I program matured, States and localities were able to accept Federal regulations and incorporate requirements within their organizational processes and structures. A number of compliance issues which had fostered the Federal adoption of many fiscal and programmatic accountability requirements were resolved by the mid-1970s. A study of Title I management practices during the mid-1970s, for example, found that most States had developed adequate procedures for reviewing LEA applications and that blatant misuse of Federal funds had been substantially reduced (Winslow, 1979).

In the 1978 Education Amendments Congress made an effort to modify administrative requirements that may have no longer been appropriate for a mature Federal program. Yearly State and local reporting requirements were replaced with three-year applications from both levels of government. States starting their own compensatory education programs were eligible to receive matching Federal funds, and fiscal targeting requirements were relaxed under certain limited conditions. However, it was not until passage of ECIA in 1981 that States and localities were given significant relief from Federal regulations which were no longer appropriate.

State and Local Implementation

Experience with Federal education programs and policies has demonstrated the key role played by States and localities in the successful delivery of Federally-financed educational services. Research has consistently found that Federal activities as administered by States and localities reflect a merger of national interests with State and local priorities, policies, and political organizational constraints (Knapp et al., 1983; Moore et al., 1983; Milne et al., 1982; McDonnell and McLaughlin, 1982; Orland and Goettel, 1982).

Findings from two previous congressionally mandated studies, for example, have cited the significant State and local role in shaping Federal policies and programs. The study of ESEA Title I (NIE, 1977, p. 45) reported: "The States exercise important influence over the operation of the Title I program. State rulemaking and management, which includes responsibility for the actual approval and oversight of district activities, have an impact on programs over and above that extended by the Federal legal framework and Federal administration." The Vocational Education Study (NIE, 1981, p. 45) found that: "Realizing some ends of Federal policy is acutely dependent upon what

the States and localities are willing and able to do. In the absence of shared objectives and the deployment of State and local resources to help them, Federal legislation alone can do little."

State and local compliance with Federal requirements does not ensure full implementation of Federal policies and programs. Researchers have found that States and localities must do more than follow Federal regulations if program objectives are to be realized (Knapp et al, 1983; McDonnell and McLaughlin, 1982; Hargrove et al., 1981; Stearns et al., 1980). Regulations are necessary to focus attention on a problem, but cannot ensure mobilization of sufficient State and local resources to solve it. If States and localities support Federal programs but do not have sufficient staff and expertise to perform monitoring and technical assistance functions, and do not receive adequate technical assistance from the Federal Government, a program usually cannot be properly implemented. Elmore and McLaughlin (1982, p. 175) have written that implementing Federal policies "is far more subtle and complex than simply assuring compliance with proxies for success; it is better defined as a problem of how to mobilize the knowledge of practitioners in the service of policy objectives. Compliance may assist or obstruct this mobilization, but it is not, by itself, evidence that the mobilization has occurred."

This point is illustrated in both Title I and P.L. 94-142, two programs in which a Federal compliance orientation created situations where States and localities were generally more concerned with regulation than programmatic issues. McDonnell and McLaughlin (1982, p. 112) have noted that "implementing Title I programs consistent with congressional intent is a two-step process." Generally, only after State and local activities are operating according to Federal regulations and procedures do practitioners turn their attention to effectively providing services. Similarly, although P.L. 94-142, the Education For All Handicapped Children Act, has avoided the fiscal accountability requirements attached to Title I, State emphasis on monitoring and compliance issues rather than on technical assistance and capacity building has been found to impede the development of more effective services for student beneficiaries. In examining P.L. 94-142, Hargrove et al. (1981) found that although compliance with Federal requirements is essential during the early years of program operation, over time States and localities must move beyond compliance and toward developing effective educational strategies. SRI's four year longitudinal study of P.L. 94-142 found that once States and localities have demonstrated a willingness to comply with Federal requirements, emphasis should be placed on enhancing local capacity in order to meet the spirit and not simply the letter of the statute (Stearns et al., 1980). This study also concluded that P.L. 94-142 would be more effective if Federal monitoring efforts concentrated on those aspects of

the law that were not working and provided LEAs with technical assistance to help them follow Federally-required procedures (Wright et al., 1980).

State Administration

As the link between the Federal Government and local districts, States play a critical role in administering most Federal programs by providing technical assistance and monitoring for local compliance. ETS researchers found significant variation in (1) State management of Federal programs across their sample States and (2) within each State across Federal programs (Moore et al., 1983). Some States are satisfied to simply pass-on Federal funds while others are inclined to use them as a lever to assert their own priorities on local agencies.

Possible choices available to States when administering Federal programs include:

- Passing on Federal requirements while refusing ownership or partnership. The SEA acts as a conduit for Federal funds.
- Monitoring local compliance closely and limiting assistance from SEAs to issues directly related to compliance with Federal regulations and requirements.
- Assuming a more programmatic orientation by emphasizing technical assistance to local districts on issues of service delivery and program development.
- Elaborating upon Federal requirements in order to assert State priorities within the context of Federal program objectives.

Factors Influencing Management Style

The management style adopted by each State for each Federal activity is influenced by the specific Federal signals and State contextual factors. Two Federal signals of particular importance in defining State administrative behavior are (1) the extent of discretion allowed to States in individual programs and (2) executive agency administrative decisions relating to program management. Not surprisingly, programs that allow States more discretion tend to show less similarity in State management styles (e.g., the Vocational Education Act's basic grant), while those with less State discretion result in more similarity across States (e.g., Title 1, P.L. 94-142 and Vocational Education set-asides.)

Decisions made by executive agency officials in overseeing State responsibilities also have a significant influence on State management. In Title I, for example, the attention paid by Federal officials towards LEA compliance with Federal requirements, influenced State adoption of an administrative posture emphasizing local compliance instead of helping LEAs develop more effective services (McDonnell and McLaughlin,

1982).

State administration is also influenced by State political traditions including the relationship between an SEA and its LEAs. SEAs are unlikely to adopt a management posture that conflicts with its political traditions. States with a tradition of strong and active SEAs, and with their own services for similarly identified student populations typically find it easier to meld Federal program requirements with their own priorities (Moore et al., 1983).

State Management of Federal Activities

The previous section reviewed various management postures which States may adopt when managing specific Federal programs and the factors that influence State management style. Based upon findings from the ETS sample States and other empirical investigations, the following patterns relating to State administration of Federal activities emerge.

Compensatory Education

- A study assessing State management of Title I following the 1978 Education Amendments (AIR, 1982) found a continuation of those variations in State management practices that had previously been identified by a congressionally mandated study of Title I (NIE, 1977). AIR (1982) identified 22 States as active in elaborating upon Federal requirements, rules, and regulations; 17 States as minimal rulemakers; and 10 States as non-utilizers of their rulemaking authority.

- Although there were similarities in basic State management of Title I, State orientation affected the degree to which program requirements were elaborated upon and whether the Federal program was coordinated with the SEA's educational activities (Moore et al., 1983).

- The ETS sample States generally augmented Federal requirements relating to program content, established more specific management procedures, undertook monitoring for district compliance, and isolated Title I from State compensatory education and other programs (Moore et al., 1983).

- Given the enforcement orientation of the old Title I statute and regulations, most States viewed technical assistance as only a secondary responsibility (Moore et al., 1983; McDonnell and McLaughlin, 1982).

Education for the Handicapped

- Even though P.L. 94-142 contains fairly specific and precise requirements, research studies have found that a number of States have refined and added to the statutory requirements (Moore et al., 1983; McDonnell and McLaughlin, 1982).

- There appeared to be significant variation among States in the extent to which they monitor LEA compliance (Moore et al., 1983; McDonnell and McLaughlin,

1982).

Vocational Education

- Across the ETS sample, Federal set-asides for special needs students were administered separately from the basic grants (Moore et al., 1983).
- The specificity of the requirements surrounding set-aside provisions has resulted in minimal coordination with other State vocational education activities (Moore et al., 1983).

Limited-English-Proficient Students and Civil Rights Mandates

- There was considerable variation in State administration of ESEA Title VII and the civil rights mandates because Federal signals require only minimal State involvement (Moore et al., 1983)
- In States where bilingual education was a priority, Title VII applications were reviewed by the States and Federally-funded projects typically enhanced State activities, even though there were minimal State administrative requirements (Moore et al., 1983).

Local Provision of Services

The most important portion of the implementation process occurs in local districts and schools where Federal signals tempered or reinforced by State interpretations are translated into instructional services. District officials, principals, and teachers are not simply weak executors of Federal policy, but have been characterized as "street-level bureaucrats" who exercise considerable discretion in carrying out their responsibilities and in effect "make public policy" by the manner in which they provide Federally-funded services (Berman and McLaughlin, 1975; Weatherly and Lipsky, 1975).

The success of Federal activities is heavily dependent upon local service deliverers. In each district and school an accommodation reflecting the competing local interests and pressures is reached between Federal policies on the one hand and local service deliverers on the other (Knapp et al., 1983; Berman and McLaughlin, 1979). This process does not happen immediately. It usually takes a number of years for Federally-funded activities to be completely implemented.

Districts that merely attempt to be faithful to Federal requirements may produce programs that are in compliance with the letter, but not the spirit of Federal law. Federal policies and programs establish uniform requirements and procedures, and often assume a "worst case" scenario vis-a-vis State and local responses, rather than offering incentives to those schools that either already provide effective instructional services or

exceed Federally-determined minimum standards of performance. Federal efforts to enforce policy through narrowly defined funding categories and accountability requirements may only impede effective and efficient educational services if local officials are preoccupied with superficial compliance with Federal regulations and are unable to direct their attention to provision of instructionally effective services.

Providing Federally-Funded Services

Local-level administrators transform Federal policies which are generally characterized by a regulatory orientation into educational services. Although Federal rules and regulations as interpreted by States establish the broad parameters of Federal programs, local officials are responsible for designing the services and assigning students to specific special services. Since no programs provide enough funds to serve all eligible students, LEAs exercise considerable discretion in allocating Federal resources (Knapp et al., 1983; Kimbrough and Hill, 1981).

Kimbrough and Hill (1981) collected information on the aggregate effects of Federal programs from a sample of eight districts which operated at least four Federal categorical programs and were identified as having problems implementing multiple programs. They found widespread instances of funds from one categorical program being used to provide services for students who should have been receiving services from another categorical program, and characterized this behavior as "cross-subsidy." It is important to understand, however, that cross-subsidies although not envisioned as the expected practice by the originators of these programs, are a logical programmatic management strategy at the local level and may indicate that school officials are spending Federal funds more efficiently and effectively than if narrowly defined Federally categories were strictly followed.

Based on the SRI sample a number of patterns emerge concerning local service delivery and LEA and school implementation of Federal compensatory education, handicapped education and bilingual education programs. The following findings were generally consistent across different types of districts and schools in the SRI sample.[1]

Compensatory Education

- In most districts, the basic compensatory education program structure was determined by the district office.

[1]Information presented in this and the next section is primarily synthesized directly from a study conducted by SRI International under contract for the School Finance Project. Throughout this volume these data are cited as either "Knapp et al., 1983", or referred to as the "SRI sample sites."

- Districts tended to target Federal compensatory education funds to elementary schools reflecting a belief in early intervention as well as recognizing that providing services to secondary schools would be more complicated.

- Federally-funded compensatory education services in elementary schools were typically offered on a "pull-out" basis. District staff prefer pull-outs because they simplify demonstrating compliance with Federal fiscal requirements.

- In most States where there were State-supported compensatory education services, the funds were used to support remedial instruction in reading and math in grades not receiving Federally-funded services.

Education for the Handicapped

- With the exception of New Mexico, which does not receive P.L. 94-142 funds, State and Federal special education funds were not differentiated at the local level.[2]

- Virtually all LEAs used a combination of pull-outs and self-contained classes taught by specially trained and credentialed staff.

- Children with more severe handicaps were usually placed for most or all of the school day in self-contained classes. However, many districts had decentralized services during the past decade, partly in response to the least restrictive environment provision of P.L. 94-142.

Limited-English-Proficient Students

- Whether services for limited-English-proficient students were provided through English-as-a-second-language (ESL) instruction or bilingual classes was influenced by several Federal, State, and local factors.

- ESL instruction was usually provided through pull-out programs and was focused on developing students' fluency in oral and written English.

- Bilingual instruction was ordinarily provided in self-contained classes, with an emphasis on maintaining the students' primary language.

Student Eligibility

Student eligibility is ultimately defined through LEA and school interpretations of Federal and State criteria. Whether a particular student receives services is influenced by local decisions about allocating resources as well as availability of qualified staff and adequate facilities.

[2]Even in New Mexico, which does not participate in P.L. 94-142, regulations and requirements are quite similar to P.L. 94-142. This similarity appears due to the State's initial plans to participate in the Federal program and to several years of litigation contesting the State's compliance with Section 504 regulations.

Compensatory Education

- In some districts eligibility for compensatory education services was determined simply by considering how far the money would go and then setting an eligibility cutoff to yield the appropriate number of students.

- Although States rarely established policies about targeting Federally-funded compensatory education services to particular elementary school grades, they sometimes influenced LEA policy through informal pressures and by providing State compensatory education funds targeted on specific grades.

Education for the Handicapped

- P.L. 94-142 has fostered the expansion of services in all LEAs.

- State and LEA interpretations of P.L. 94-142 requirements such as educating students in the "least restrictive environment" as well as the availability of trained staff and adequate facilities determined whether an individual school offers special education services.

- Districts and schools generally identified special education participants only if the required services were already available and there was sufficient room for a student.

Limited-English-Proficient Students

- Districts with few limited English proficient students didn't provide specialized services for those students. Local perceptions about the severity of the problem and availability of funds (whether from Federal, States or local sources) and staff determine whether these LEAs will provide special services.

- The availability of State mandatory services for limited-English-proficient students was the most important factor in determining whether these students received specialized services. However, even in those districts where States require and pay for specialized services, adequate program services were not always found due to the unavailability of qualified staff.

Multiply Eligible Students

A majority of the nation's school districts have students who are eligible for more than one Federally-funded service raising two types of concerns about the overlap in student populations that Federal programs are designed to serve. The first concern relates to an overlap in services -- the extent different Federal programs (e.g., Chapter 1, P.L. 94-142, Title VII) purchase the same services. Second, is the concern over service gaps -- the extent to which State and local procedures limit multiply eligible students' participation in Federal programs.

Over the past few years a number of empirical investigations have found that service overlaps are not the problem they were once thought to be. In part, this is because local officials have concluded that it is not educationally sound to continually

shift students around to receive different services from day to day or hour to hour. The fact is that almost 40 percent of the nationwide sample of districts in which multiple Federal programs operated were found to have specific policies which limited student participation to one program (Goor et al., 1979, p. 7). Birman (1979) also found that overlapping services for students eligible for both Title I and P.L. 94-142 was not the generally accepted practice for a number of reasons, including those cited above, and because limited Federal resources fostered a local desire to provide services for the greatest number of students. This finding was supported by SRI researchers who found that few districts provide multiple services to students who are eligible for more than one program (Knapp et al., 1983). SRI researchers found that the decision to limit student participation to a single Federal program is typically related to educational and resource allocation considerations. Participation in more than one service was viewed as educationally unsound because it breaks a student's instructional program into too many pieces therefore exacerbating problems of fragmentation and coordination. District and school staff also generally believed that limited resources should be spread around to provide needed services to the largest number of students rather than focused on a few students.

Minimizing Problems Over Time

The passage of time is a critical factor in local implementation of Federal programs. Research has shown that local practices are slow to change and generally require persistent efforts over a period of time (Berman, 1982; Williams, 1980). The manner in which LEAs implemented P.L. 94-142 illustrates this point.

A four year longitudinal study examining local implementation of this statute found that LEAs established "priorities as to what areas would receive the most time, energy, and detailed attention at any point in time" (Wright et al., 1982, p. 115). Although most LEAs and schools made substantial progress in adopting and refining procedural requirements during the first two years of operation it was not until years three and four (1980-81 and 1981-82) that requirements and procedures were institutionalized within LEA and school special education systems (Wright et al., 1982). The study identified a general implementation sequence in which first, LEAs concentrated on the statute's procedural requirements, such as individualized education programs (IEPs); second, LEAs attempted to increase the scope and comprehensiveness of special education programs; and third, LEAs began to turn their attention to training personnel. Factors affecting the speed with which local districts fully implemented P.L. 94-142 included the adequacy of available resources, the availability of trained staff, and the ability of SEAs to clearly

define LEA parameters of responsibility under the law (Wright, 1980).

Over time Federal policies and programs settle in and problems are reduced. SRI researchers found that by the 1981-82 school year services for special needs students could be characterized as more appropriate, instructional fragmentation was reduced, and administrative requirements were being handled more efficiently (Knapp et al., 1983). This trend is attributed to a combination of the following factors:

1. Active local response to problems associated with categorical programs and mandates.

2. Modifications of Federal and State laws in response to State and local complaints.

3. The sustained presence of Federal requirements which enabled local officials to become both familiar with the provisions and more comfortable with and less threatened by Federally supported staff.

Chapter 5

EFFECTS OF FEDERAL POLICIES AND PROGRAMS ON STATES, LEAS AND SCHOOLS

The sustained presence of Federal funds and regulations has produced a broadly consistent pattern of effects across States and across school districts and schools with different levels of wealth and numbers of students with special education needs. The findings about those effects, as presented in this chapter, are drawn largely from two studies conducted under contract to the School Finance Project (Moore et al., 1983, and Knapp et al., 1983).[1] These research projects relied heavily on field data collected during Spring, 1982, after ECIA had been enacted, but prior to its implementation. The studies did not examine the effects of all Federal programs but concentrated on ESEA Title I, P.L. 94-142, the Vocational Education Act, ESEA Title VII, and applicable civil rights statutes.

Based on these studies and the other cited sources, Federal programmatic involvement has made a difference in SEA capacity and functions, services for special needs students, LEA organization and administration, and school staffing and services. Even though there is substantial variability in State and local administration of specific program provisions, Federal influence upon SEAs and local educational practices is very much evident.

- Federal policies and programs have improved SEA capacity as defined by staff size and expertise, and programmatic responsibilities. However, these capabilities remain partially dependent on Federal funds. The extent they are applied to non-Federal program areas depends on State traditions of local autonomy and State policies and priorities.

[1]Both studies used a multiple case study design that involved extensive site interviews with various participants in local and/or State implementation of Federal education programs from a purposive sample of sites representing a range of variations on factors affecting implementation of Federal policies for education. While secondary data sources, such as State documents, State laws, monthly reports, and other documents were used, the primary data sources for both studies were site interviews. The interviews, based on topical guides that could be adjusted to fit the particular role or experience of the respondents, elicited answers to questions seeking both narrative descriptive information, as well as interpretations, impressions and individual conclusions about Federal programs administration and the cumulative effects of Federal policies at State and local levels. Information from the interviews was analyzed in two stages -- first, to develop within-site case studies and then to explore findings across sites in order to extract generalizable findings or patterns.

- Federal education policies and programs have had only a negligible impact on who participates in the State policy process. Governors, legislators and State boards of education have not been typically interested in Federal education activities. However, when the emphasis of SEA functions shifted from curriculum development and dissemination to monitoring and procedures, as the result of Federal requirements, SEA authority over local districts typically increased and the relationship assumed a more legalistic tenor. It should be noted that the recent national attention to increasing excellence in education has stimulated more interest and involvement of State policymakers in education.

- Federal education activities have increased resources for special needs students and have resulted in these students receiving more appropriate services.

- Instructional fragmentation, although still a problem, is less prevalent today as the result of active efforts of local officials who have developed a variety of management techniques to coordinate the content of instruction. In part this has been accomplished by encouraging more consultation between regular and special services teachers.

- Federally-funded services for special needs students do not appear to have adversely affected the instructional program of students not participating in Federal programs, although evidence based on test scores is lacking.

- Frequently expressed concerns about administrative burdens associated with Federal programs and undue Federal influence over States and localities, while previously documented during the start-up phase of many Federal programs, appear to have lessened as statutory and regulatory changes were made in these programs and local officials became familiar with Federal requirements. Respondents to the interviews still noted instances of serious burden largely associated with non-routine matters such as systemwide desegregation. Budgetary encroachment of P.L. 94-142 upon resources of the regular instructional program appears to be emerging as a problem in certain jurisdictions undergoing fiscal problems.

- Despite the problems faced by teachers and administrators in delivering Federally-funded services for special needs students referenced above, teachers in the SRI sample perceived the net effect to be a plus educationally.

State-Level Effects

An examination of the State-level effects of Federal policies and programs must take into consideration the change in intergovernmental conditions since Federal programs were enacted. States today are providing local districts with substantially higher levels of education aid as a result of the school finance equalization and new property tax limitations. Between 30 to 35 percent of a State's budget is typically allocated for education, and since the 1978-79 school year, State revenues have exceeded local revenues for elementary and secondary education (NCES, 1982). There has also been a growing concern among States about the quality of education as reflected by

State-wide testing and accountability initiatives during the late-1970s and current interest in the math and science curricula, the use of microcomputers and, most recently, the national focus on increasing the quality of education as stimulated by the report of the National Commission on Excellence in Education. It is therefore important to note that the State-level effects presented in this chapter, while primarily the product of Federal policies and programs, occurred in conjunction with the above mentioned changes in State conditions and policy interests.

State Education Agencies

Each State has a State education agency (SEA) which is responsible for overseeing public education and administering those Federal activities which require a State presence. Although the State government establishes SEA staff levels and defines the agency's specific responsibilities, Federal policies and programs, especially Federal funds, have significantly influenced SEA managerial capacity, including staff size, functions undertaken by SEAs, and the relationship between an SEA and its LEAs.

SEA Capacity

The nature of most Federal activities in elementary and secondary education requires a competent State education agency to administer programs, monitor and evaluate local activities, and provide technical assistance to local districts. The concept of SEA capacity, therefore, reflects both staff size and technical expertise to carry out mandated responsibilities. Since passage of National Defense Education Act in 1958, the number of professional staff in SEAs has apparently more than tripled.[2] The average SEA in the early 1960's employed 75 professionals (Murphy, 1982). By 1972, the average was 191 professionals in SEA headquarters staff; and in 1982, the average was 273 (CCSSO, 1983).

According to a 1982 study conducted by the Council of Chief State School Officers for the U.S. Department of Education, that growth was largely due to the expansion of Federal aid to education since 1958, and to the stimulus provided through Title V of ESEA. A study by the Council of Chief State School Officers (CCSSO, 1983, p. 57) reports that as early as 1960, approximately 50 percent of all SEA professional staff combined were "assigned to Federally subsidized programs." During the 1981-82 school year, from 40 to 60 percent of the SEA staff in the ETS sample were supported by Federal funds.

[2]Precise changes in the number of SEA staff are difficult to determine due to differences in the ways States have counted various categories of staff over the years.

Three trends at the State-level have been especially important. First, State governments have generally improved their governing capacity by increasing the size of staffs assigned to governors and State legislators. Second, State executive agencies have been enlarged and have also adopted more efficient and effective management techniques. Third, most States have increased their financial support for education and many have started using their own funds to provide additional services for special needs students.

The impact on SEA capacity most directly traceable to Federal programs and funds has been the substantial increase in the number of SEA personnel with skills not previously possessed by SEAs, including lawyers, psychologists, and program evaluators. Through both direct and indirect means Federal programs have enhanced SEA capacity beyond merely increasing the number of SEA personnel by allowing them to hire and retain staff who were typically more qualified and better paid. Previously, both low salaries and limited SEA responsibilities impeded the ability of SEAs to attract competent staff. Illustrative of direct Federal intervention was ESEA Title V. During deliberations on the Elementary and Secondary Education Act, Federal officials were concerned that SEAs did not possess the capacity to undertake the responsibilities which were about to be thrust upon them (Bailey and Mosher, 1968). To address this concern the statute's Title V provided SEAs with funds to (1) gather better information on the condition of education; (2) develop research capabilities for making decisions related to education innovations; (3) improve education activities; and (4) hire skilled professionals from a variety of fields (Murphy, 1982).

Federal programs also indirectly enhance State capacity through provisions requiring States to review applications and monitor and evaluate local activities (Orland and Goettel, 1982). For these responsibilities States generally receive a small percentage of program funds (e.g., one percent for Chapter 1, five percent for P.L. 94-142). Under ECIA Chapter 2, the block grant which subsumed ESEA Title V, SEAs may retain no more than 20 percent of the Federal funds for activities previously supported by Title V or other activities they decide are appropriate.

The nature and timing of Federal programs tends to influence which positions within an SEA are supported by Federal funds. For example, SEA staff responsible for Chapter 1 are generally completely dependent on Federal support. In part this is probably related to the fact that Chapter 1 is a program entirely funded by Federal dollars, provision is made for administrative support, and prior to its existence no comparable program existed at the State level. In contrast, State offices in existence before their responsibilities were expanded by Federal programs, such as special

education and vocational education, typically only have a portion of their staff paid for by Federal funds (Moore et al., 1983).

SEA Functions

Providing LEAs with technical assistance on curriculum and educational quality issues was the primary role of SEAs in elementary and secondary education prior to passage of ESEA. Since 1965 Federal programs have both expanded SEAs' technical assistance responsibilities and significantly influenced the types of functions undertaken by them in such areas as program monitoring, data collection and data uses (Moore et al., 1983). In performing these functions SEAs have typically adopted a compliance orientation which is attributable to (1) Federal programs creating opportunities for SEAs to assume additional responsibilities and providing the necessary resources, and by virtue of audit practices and regulations encouraging a compliance mentality; and (2) State rules and regulations reflecting their new responsibilities in various policy areas, the influence of litigation, and distrust of other levels of government (Murphy, 1982).

Monitoring - - SEAs are responsible for monitoring local compliance with Federal rules and regulations for most Federal education programs, an activity not typically performed by SEAs prior to 1965. For this function, the Federal Government generally provides both funds for staff and monitoring models.

Non-Federal influences are also important in defining an SEA's monitoring posture. SEA goals, priorities, and traditions of State control in relation to local autonomy influence monitoring postures chosen by an SEA. For example, an SEA may simply pass on Federal regulations and Federal funds, closely monitor local compliance, or elaborate upon Federal requirements. Examples of each can be found among the States (Moore et al., 1983).

These Federal and non-Federal factors have also influenced the extent SEA monitoring is used in non-Federal program areas. During the 1970s for example, pressure from both the public and State legislatures to improve accountability in education contributed to SEAs' stressing compliance monitoring. Many of the ETS sample States also extended their monitoring activities beyond Federal program areas during the 1970s (Moore et al., 1983).

Technical Assistance- - Federal programs have influenced the types of technical assistance activities undertaken by SEAs. In the ETS sample States, for example, SEAs typically concentrated their technical assistance activities on helping LEAs follow Federal requirements involving program evaluation or determining student eligibility, instead of the pre-1965 focus on curriculum improvement and educational quality.

It is unclear from the ETS sample States whether the magnitude of SEA technical assistance has changed over the last several years for two reasons. First, all SEAs perceive that they provide technical assistance even if their LEAs do not view the activity as such. Second, there is no accurate measure of the extent to which SEAs provided technical assistance on curriculum matters prior to the expanded Federal role in education.

Data Collection and Uses -- Passage of ESEA, especially the Title I evaluation requirements, fostered systematic SEA data collection efforts for program evaluation, a function SEAs had previously shown little interest in. Data collection activities in the ETS sample States, however, are typically limited to Federal programs in accordance with traditions of local autonomy. One area in which most States have expanded their data collection activities is State-wide testing. However, States administering standardized tests do not necessarily use the information to evaluate programs.

Lobbying the Federal Government -- Federal funds and requirements have transformed SEAs, especially in larger States, into active lobbyists of the Federal Government by providing them with both an obvious interest in and the technical expertise to influence decisions affecting statutory provisions, appropriations, program regulations and administrative guidelines and decisions. Illustrative of State lobbying efforts is the 1978 Education Amendments characterized by some as "The California Title I Relief Act" because of the modifications enacted at the strong urging of California (Moore et al., 1963).

Relationship Between an SEA and its LEAs

The relationship between SEAs and LEAs over the past two decades has typically assumed a more legalistic tenor reflecting (1) expanded SEA responsibilities under Federal programs, particularly in the area of compliance monitoring; (2) enhanced SEA capacity largely as a result of Federal programs, and (3) increased State interest in education accountability (Moore et al., 1983). It has also become more interdependent and interactive (Murphy, 1982). The relationship between ETS sample SEAs and their LEAs varied across the States before the onset of Federal programs (depending on traditions of State control and local autonomy) and continues to do so, although SEAs now typically exert more control over local operations (Moore et al., 1983).

Both the presence of Federal programs and the general trends toward improved State government operations which contributed to expanding SEA responsibility and capacity have also increased local responsibility and capacity (Cohen, 1982). Local districts developed capacity and expertise through their dealings with both Federal and

State program mandates in ways similar to SEA development of capacity and expertise - by dealing with Federal programs and mandates.

State Participants in Educational Policymaking

Federal policies and programs have had only a negligible impact on the State education policy environment and who participates in the State policy process. State legislators, governors, and boards of education typically have not been interested in Federal education activities (Moore et al. 1983; McDonnell and McLaughlin, 1982; McDonnell and Pincus, 1977). To the extent these actors become involved, they generally have focused on the regular education program and, when they exist, State special programs (e.g., Louisiana's basic skills program)(Moore et al., 1983).

In the ETS sample States, legislators and their staffs were only interested in Federal programs with active interest group support and programs that provide local districts with significant levels of funds. Typically, State legislators felt that "participation" in Federal education programs, either by championing them or overseeing them, provided minimal political advantage. One indirect effect of Federal programs on State legislatures should be noted. As a result of Title V supported data collection activities, State legislatures in the ETS sample States have increasingly relied on SEAs for information (Moore et al., 1983).

Governors in the ETS sample States exhibited little or no interest in Federal education programs and there was no indication that governors and their staffs in these eight States believed their authority had been preempted by Federal programs (Moore et al., 1983). In the ETS sample States, State boards were only minimally involved in Federal education policies and programs. Although some appeared to pursue a more activist role in providing services to special needs students, this tended to be a reflection of effective interest group activity (Moore et al., 1983).

There was little evidence in the ETS sample that Federal education programs were a major force behind the establishment of State-level interest groups. With the exception of groups representing handicapped students, State-level organizations representing Federal student beneficiaries were generally not visible or organized (Moore et al., 1983; McDonnell and McLaughlin, 1982). Rather, State interest groups promoting special needs services seemed to exist as part of the same political climate that led to Federal legislation (Moore et al., 1983).

The limited role of interest groups representing special needs students at the State level may indicate that these groups concentrate their efforts instead at the local and Federal levels (Moore et al., 1983; McDonnell and McLaughlin, 1982). The lack of State

interest group support for the Federal compensatory education program also reflects how the program has expanded and been maintained - - through support from national education associations rather than by grass root efforts by client groups (i.e., parents of handicapped students) as is the case with P.L. 94-142 (McDonnell and McLaughlin, 1982).

State Services for Special Needs Students

Since 1970 there has been a significant increase in State-supported services for students with special educational needs (Winslow and Peterson, 1981). The emergence of these programs may be attributed to a number of factors, including (1) Federal special needs programs which focused attention on unserved and underserved student populations and legitimized the efforts of those seeking to ensure that these students receive needed services; (2) the same pressures which fostered the development of Federal special needs programs, including the realization that certain groups of students have specialized educational needs; and (3) State-level conditions such as State wealth and political climate (Milne, et al., 1982, Winslow and Peterson, 1981).

Although Federal programs served as the critical impetus for State adoption of special needs programs, the specific design characteristics of State special needs programs are not necessarily similar to those of Federal programs serving similarly identified students. State programs in bilingual and handicapped education, for example, tend to resemble their Federal counterparts more closely in terms of student eligibility criteria than do State compensatory education programs (Milne et al., 1982). State programs also typically use program mechanisms employed in their general education program, such as teacher certification requirements, textbook selection, and teacher/pupil ratios which are not available to the Federal Government (Milne et al., 1982).

The growth of State support for special needs students has not been translated into general government support for Federal special needs programs. One reason for this may be that although SEA and Federal priorities may sound alike, (e.g., compensatory education) they often translate into quite different missions (e.g., critieria for student eligibility may be solely based upon test scores for a State program while Federal funds are targeted on the economically disadvantaged)(Moore et al., 1983).

Local-Level Effects

The presence of Federal policies and programs has produced consistent and identifiable effects on local behavior. More specifically, sustained Federal signals - -

consisting of Federal funds, requirements and regulations, monitoring and oversight activities, and broad statements of policy goals and objectives -- have accumulated over time, affecting both the delivery of instructional services to students with special educational needs and the management and organization of LEAs and schools.

A number of factors have been identified by Knapp et al. (1983) to explain the apparent discrepancies between earlier research which found that Federal policies and programs produce weak and varied effects on local behavior and the findings presented here. The first concerns the types of programs studied. The work often cited as evidence that Federal programs have weak and variable effects on local behavior is the "Change Agent study" which concentrated on activities that allowed localities significant discretion and contained few Federal restrictions (e.g., ESEA Title III, Innovative Projects; ESEA Title VII, Bilingual Projects; 1968 Amendments to the Vocational Education Act, Part D, Exemplary Programs; and the Right-To-Read Program)(Berman and McLaughlin 1975). In contrast, the Federal activities examined in this report (except for ECIA Chapter 2 and ESEA Title VII) contain fairly prescriptive requirements and require significant Federal monitoring and oversight.

The second explanatory factor has to do with the length of program operation. Most previous implementation research which found weak effects studied the programs when they were relatively new. Changes in local practice, however, occur slowly and persistent efforts over a number of years are typically required to alter local behavior and processes. Kirst and Jung (1980, p. 19) have noted: "Implementation case studies almost exclusively concentrate on the first 3-5 years of implementation even though there is growing empirical and theoretical evidence that a long-range perspective may reveal quite different patterns." It has now been a number of years since the programs on which this report concentrates have been in operation.

The third factor involves the level of analysis. This report focuses on broad effects rather than specific programmatic details upon which much previous work is based. Undoubtedly, an examination of the manner in which a specific program provision was implemented (e.g., defining Title I eligible students) would have resulted in significant variability across sites. The cumulative effects orientation, however, produced a strong degree of consistency in responses across the local districts in all the States examined.

Delivery of Instructional Services

Previous research has indicated that intended student beneficiaries of Federally-funded services have received increased and more appropriate instructional services. The congressionally mandated study of Title I (NIE, 1977, p. viii) reported: "Title I

instructional services appear to make a distinct contribution to the learning experiences of students." A longitudinal examination of the implementation of P.L. 94-142 (Wright, et al., 1982, pp. 141-142) found: "In most LEAs, children who need special education were identified earlier, and the level of programs and services provided to those children has been raised over time...The other major positive impact on children has been the increased contact between handicapped and nonhandicapped children and the resulting acceptance of the handicapped." A more recent examination of the aggregate effects of Federal education programs by Kimbrough and Hill (1981, p. 40) reported: "Federal education programs have been markedly effective in directing special resources to disadvantaged students and in focusing local educators' attention on those students' needs."

SRI researchers also found that Federal programs for students with special educational needs have resulted in identifiable instructional services for targeted student populations. Across different types of districts and schools, local respondents reported a remarkably consistent picture of the influence Federal resources and requirements have had on the structure and focus of compensatory education services for economically and educationally disadvantaged students, special education services for handicapped students, and services for limited English proficient students. The central findings in this regard are as follows:

- Without targeting requirements it is unlikely that Federal compensatory education funds would go to the same schools.
- P.L. 94-142 has resulted in improved procedures for identifying and placing students, the provision of related services for identified students, the extension of services to include secondary school students, and the decentralization of services.
- It is more difficult to generalize about the effect of Federal activities on the provision of services for students with a limited proficiency in English. Clearly, some services exist as a result of ESEA Title VII, while others can be traced to State mandates and funds. Moreover, some State and local programs were modeled after former Title VII programs. Although Federal mandates have not had a large impact on districts in States that lack their own mandates, the Lau remedies have been an impetus for serving LEP students who had previously not received services.

The time and effort required of school staff at the beginning of each year to schedule Federally-funded services was considered a major disruption. However, difficulties were generally limited to the start of the school year. In those schools whose staff reported disruptions throughout the year due to excessive student pull-outs, attribution could usually be traced to a variety of non-Federal and non-State services that were typically conducted on a pull-out basis.

Instructional Appropriateness of Specialized Services

Based upon the judgments of LEA and school respondents in the SRI sample, Federally-funded services for students with special educational needs are generally considered to be appropriate. Respondents felt that special needs students were getting more individualized attention and materials. Federally-required procedures for identifying and placing students, assessing needs, planning instruction, and evaluating student performance increased the likelihood that student problems were noticed and subsequently matched with an appropriate instructional setting. Generalizations about specific programs follow:

- Regular classroom teachers viewed Federally-supported compensatory education services positively. Individualized attention of teachers, and reinforcement of materials covered in the regular classroom were cited as benefits of these services. Occasionally, teachers felt that the effectiveness of compensatory education services was limited by the lack of flexibility in moving students in and out of classes during the year if students had problems in only a few skill areas.

- P.L. 94-142's least restrictive environment provisions were viewed as beneficial for both students and educators. Students have more instructional alternatives and non-handicapped and regular classroom teachers have become more aware of the nature and needs of handicapped students.

- The use of a bilingual instructional approach was often a controversial issue in districts with State or Federally-funded services for limited English proficient students.

- Federally-funded services for limited English proficient students was viewed as appropriate in large measure because classroom teachers rarely feel qualified to handle non-English speaking students.

Instructional Coherence for Target Students

Because Federally-funded services for students with special educational needs are typically provided through student "pull-outs" from the regular classroom, there has been concern that Federal services disrupt these students' overall educational program. District and school staff in the SRI sample generally felt that this was not the case. The prevailing view was that there were educational trade-offs that were made by balancing what is lost when regular classroom instruction is missed, as against what is gained when special needs students receive more individualized and appropriate instructional services in a pull-out arrangement. The benefits of Federally-funded special services were perceived by SRI respondents to outweigh possible educational costs of program fragmentation resulting from students receiving specialized instruction in a separate classroom. Many of the respondents in the SRI sample also noted that missing classroom instruction which does not provide appropriate instructional services and is beyond a

student's educational level is not harmful. A key factor is the schools' ability to schedule pull-outs in such a manner that students are not deprived of instruction in subject areas not covered outside the regular classroom. In sum, there is reason to conclude that appropriately scheduled pullouts can work to the net advantage of special needs students.

Although instructional fragementation was identified as a significant problem in the past, it had been reduced through the active efforts of local officials to ensure that what special needs students miss from their regular class is of less instructional value than what the student receives in the Federally-funded service. Local officials have learned to coordinate the content of instruction provided by different programs and encourage consultations between regular and special services teachers. Regular classroom teachers typically now have more responsibility for coordinating their students' special and regular services.

The Regular Instructional Program

A common concern is that mutliple Federal programs disrupt the regular instructional program when students are consistently pulled out for specialized instruction or mainstreamed into classes for portions of a day, and when teachers are required to perform non-instructional functions which detract from their instructional responsibilities (Kimbrough and Hill, 1981).

SRI researchers found relatively weak negative or positive effects of Federally-funded services on the regular instructional program, although instances of Federal programs interferring with the regular instructional program were present in some rare cases. The negative effect most typically cited was classroom interruptions when students leave for and return from specialized services. The more typical response to this inquiry, however, was that student pull-outs were mildly beneficial because they resulted in fewer students in class, with more disruptive students and those with learning problems removed for special services.

Another benefit typically mentioned involved new instructional materials and practices. Although use of materials purchased by Federally-funded special needs programs is generally restricted to program participants, respondents cited considerable informal sharing of materials and instructional ideas between regular and special teachers.

The SRI findings are not completely inconsistent with research that has found Federal activities disruptive to regular instructional services (e.g., Kimbrough and Hill's "Aggregate Effects Study"). Although like Kimbrough and Hill (1980), SRI researchers found evidence that Federal programs caused problems for schools, the bottom line of the SRI study was basically that Federal program objectives are being realized. In large

part, this different outcome results from important differences in the focus of each research project. Kimbrough and Hill sought to examine the extent and nature of particular practices that had been reported on by the popular press as being either disruptive or at odds with specific Federal rules. Concentrating on identifying examples of interference between Federally-funded services and the regular instructional program, Kimbrough and Hill did not ask interpretative cost-benefit questions of their respondents. SRI, however, took a different tack by focusing on the net effects of Federal activities and seeking out the judgement of local practitioners in weighing the relative benefits. As a result, Knapp et al., (1983) discovered that problems were generally considered worth the educational benefits resulting from Federal activities, had been reduced over time, and were generally acceptable to district and school personnel.

Services for Private School Students[3]

Relatively little information has been collected about the operation and effects of Federal aid for students in private schools, due largely to methodological problems in defining the universe of private schools, obtaining a representative sample, and securing access to all types of private schools. Nonetheless, several studies provide some information on the issue.

Title I - A study of Title I district practices (Jung 1982) found that during the 1979-80 school year about 25 percent of the Title I LEAs provided services for students in private schools -- a slight decline over a four year period[4].

Patterns of private school participation in Title I were consistent with private school enrollment patterns generally -- there was significant variation across regions of the country, and according to urban/rural locations. Within-district comparisons of Title I services revealed that for private school students receiving Title I services: (1) classes were shorter, (2) classes were smaller, (3) the instructor-pupil ratio was lower, (4) instructors had the same number of years experience as those teaching public school

[3]This information is based on Volume 2 of the School Finance Project's Final Report, Private Elementary and Secondary Education.

[4]Data were collected through a mail survey of Title I Directors in more than 2,000 randomly selected school districts, structured interviews and document reviews in 100 representative districts (including 94 public and 44 private school principals, 90 public and 39 private school Title I teachers, and 93 public and 44 private school regular teachers). To obtain more in-depth information on the participation of private school students in Title I, 20 specially selected Title I districts were visited for three days by experienced two-person teams.

Title I students, and (5) Title I could be better coordinated with the regular classes.

The Jung report (1982, pp. 36-37) stated:

> From a national perspective, the overall participation level of nonpublic school students over the last four years has at best been at a steady state, although several indicators point to a relative marginal decline in nonpublic students' access to Title I services. For example, when reviewing changes in Title I nonpublic and public enrollment patterns between 1976 and 1980, the nonpublic participation rate in Title I increased by less than 6 percent, while the public participation rate in Title I increased by almost 18 percent during this time. Also the proportion of Title I districts serving private students residing in Title I attendance areas declined from 59 percent in 1978 to 56 percent in 1981.

P.L. 94-142 - A longitudinal study of P.L. 94-142 reported that if requested, almost all LEAs provided diagnostic services to students in private schools and that by the 1980-81 school year such services had become more routine (Wright et al., 1982). This is not to say that all nonpublic school students eligible for services are being appropriately served. However, it should be noted that P.L. 94-142 while requiring that provision be made for the participation of handicapped students who are enrolled in private schools, leaves it to the State and locality to establish the setting and nature of such services. The law also requires that services comparable to those provided to public school students with Federal funds be made available to nonpublic school students. Wright et al., (1982, p. 90) also found that: "In the districts that have provided direct programs and services to nonpublic schools, those most commonly delivered are speech therapy and specific learning disability programs."

Vocational Education - Private school students generally do not receive vocational education services. According to a survey undertaken by NCES during the 1977-78 school year, less than three percent of the private elementary and secondary schools offered their own vocational education programs.[5]

Structure and Staffing

There have been significant changes in the structure and staffing of schools and districts with large and varied special needs populations over the past two decades. This is, in part, a consequence of Federal activities and not unexpected given Federal programs' success in fostering increased and more appropriate services to students with special educational needs. Federal policies and programs have resulted in the creation of school and district positions responsible for services to students with special educational

[5]Survey results are based on private schools responding in the seven States with the largest number of private schools (California, New York, Pennsylvania, Illinois, Ohio, Wisconsin, and New Jersey). Of the estimated 17,950 private schools operating in these States during the 1976-77 school year, 82.2 percent responded.

needs, and the hiring of staff to fill these positions who possess a diverse range of skills, thus broadening the composition of school faculties and district personnel.

In the SRI sample the scope of the classroom teachers' responsibilities has changed due to Federally-funded special services. Many elementary school teachers have assumed some managerial responsibilities as they must coordinate the activities of various specialists and aides, and manage a more complicated class schedule with some students being pulled-out and others being mainstreamed. SRI researchers found that Federally-required administrative responsibilities associated with Federally-funded services has not had much effect on classroom teachers' instructional time, although the instructional time of program specialists may be diminished. Most of the administrative responsibilities for Federal education activities are carried out by the special program staff. Special teachers, paid at least partially with Federal funds, undertake many of the administrative responsibilities, especially those related to individual student programs and often have an extra planning period. As a result of Federal funding and mandates, SRI researchers found that schools have become more versatile and the ability of LEAs to solve problems and provide instructional support has improved.

Unintended Effects

A number of concerns have been raised over the years about unintended negative effects of Federal policies and programs as they relate to both the State and local levels of government. These include administrative burdens, undue Federal influence, and budgetary encroachment resulting from the Federal role in elementary and secondary education.

Intergovernmental Tensions

Conflict between Federal program objectives and State education activities has been characterized by ETS researchers as "an inevitable byproduct of Federal choices either to influence State agencies to address national objectives or to bypass State governments in favor of direct dealings with local officials" (Moore et al., 1983, p. 160). Intergovernmental conflict in the ETS sample States, however, was not found across all Federal education activities. Rather it was limited to those programs, such as P.L. 94-142 and the newer provisions of the Vocational Education Act which (1) at the time of the field work were the most recently implemented Federal activities and (2) were in areas in which States had already established their own procedures. Specifically, State respondents in the ETS sample complained that P.L. 94-142 requirements and the planning, data reporting, and excess cost provisions of the Vocational Education Act were

overly prescriptive. The experience with the more mature Federal education programs indicates that over time an accommodation can be reached between the Federal, and State and local governments balancing the diverse interests of State and local agencies and Federal policy objectives.

Administrative Burdens

State and local respondents in both the ETS and SRI samples were not especially concerned about administrative burdens associated with Federal involvement in elementary and secondary education. Administrative burden was typically a relatively unimportant issue at both levels of government.

This does not mean that all Federal requirements are necessary and easy to implement. It appears to indicate that the Federal Government is generally providing States with sufficient resources to pay for the requirements and rules it imposes. Moore et al., (1983) speculated that the availability of Federal financial assistance to cover the costs of paperwork and data reporting has successfully neutralized this issue at the State level. An exception to this general finding, however, was P.L. 94-142 planning and data reporting requirements.

A similar situation exists at the local level. Although Federal requirements generated a signficant level of administrative work and required a major investment of staff time, local respondents typically did not characterize Federal requirements as burdens. SRI researchers found little evidence that Federal requirements detracted from instructional time of regular teachers, although the time specialists devoted to teaching was perhaps reduced and student counselling suffered when counselors undertook responsibility for Federal programs. Knapp et al., (1983, p. 157) reported: "The instances of serious burden seem restricted to particular roles and situations: locally paid counselors who take on special education management unwillingly; schools in which the principal has no 'extra pair of hands' to help with the administrative detail; hard-pressed districts facing major, nonroutine challenges attributable to Federal policies (e.g., desegregation)."

Over time, Federal requirements also become less burdensome as they become routinized and informally streamlined. The individualized education program requirements of P.L. 94-142 illustrate this point. SRI researchers reported that in many schools IEPs represent a compromise between a plan that is completely individualized for each student and one that totally ignores individualized needs.

Although complaints about Federally-imposed administrative requirements were relatively few and had been minimized as problems were solved, both studies found increasing concerns with State developed administrative requirements. Moore et al.,

(1983, p. 158) reported: "A legislative study in California found that most paperwork requirements on schools were district-imposed, next State-imposed, and the fewest were of Federal origin." Knapp et al., (1983, p. 126) noted: "In general, program requirements become tighter as they are passed down from one level of government to the next."

Undue Federal Influence

At the State-level, ETS researchers found "no dramatic instances" of Federal program managers attempting to redirect State policy, although several Federal program administrators were fairly autonomous. Federal program administrators are typically careful about "maintaining fidelity to State priorities and political tranditions" (Moore et al., 1983, pp. 159-160).

Federal programs have changed the decisionmaking process within local school systems, especially in large districts with significant numbers of special need students. Specifically, Federal policies and programs have helped ensure that the rights and interests of special needs students are protected. Knapp et al., (1983, p. 140) reported: "In several districts, superintendents have recently taken steps to reduce the power of special-program managers and improve program coordination by placing more decisions in the hands of line administrators." As a result of such changes in program planning procedures, concern about undue Federal influence has abated.

Budgetary Encroachment

Growing concern was uncovered by both ETS and SRI researchers that Federal mandates and protections would force States and localities to reduce financial support of the regular instructional program in order to maintain support of Federally-funded services as required by law.[6] Budgetary enroachment appears to be emerging as a problem in those instances where: (1) Federal programs impose service mandates or civil rights protections without providing complete or significant levels of funds (e.g., for handicapped or limited-English-proficient students); and (2) States and districts are undergoing fiscal retrenchment.

Knapp et al., (1983, p. 167) found that a few districts had been forced to slightly reduce services for the regular instructional program. They reported: "When the overall pie is shrinking and target students are protected by service mandates, such cuts are inevitable."

[6]In their study of State special needs programs Decision Resources found that Michigan and Minnesota, two States with severe fiscal problems, reduced State funding for their special needs programs (Milne et al., 1982).

Both ETS and SRI found budgetary encroachment a concern in relation to P.L. 94-142, a program with a strong service mandate and only partially funded by Federal dollars. In all eight ETS sample States they "encountered a strong backlash toward special education" (Moore et al., 1983, p. 161). Knapp et al., (1983, p. 167) noted: "In sites where strong service mandates are combined with strained resources, the perception of the burdensome aspects of Federal policy seems to be growing."

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APPENDIX A

STATES PARTICIPATING IN SCHOOL FINANCE PROJECT CONTRACTOR STUDIES[1]

The Interaction of Federal and Related State Education Programs[2] -- Mary M. Moore, Margaret E. Goertz, Terry W. Hartle, Hal R. Winslow, Jane L. David, Jane Sjogern, Brenda J. Turnbull, Richard J. Coley, and Rick P. Holland. Educational Testing Service, Princeton, New Jersey, 1983.

California
Louisiana
Massachusetts
Missouri
New Mexico
New York
Virginia
Wyoming

Cumulative Effects of Federal Education Policies on Schools and Districts[2] -- Michael S. Knapp, Marian S. Stearns, Brenda J. Turnbull, Jane L. David, and Susan M. Peterson. SRI International, Menlo Park, California, 1983.

California
Florida
Louisiana
Massachusetts
Missouri
New Mexico
Ohio
Wyoming

Serving State Special Needs Children: The State Approach -- Ann M. Milne, Jay Moskowitz and Fran M. Ellman. Decision Resources, Washington, D.C., 1982.

Arizona
Connecticut
Florida
Michigan
Minnesota
Utah

[1] A total of 15 States participated in these studies.

[2] The samples for these two studies were purposely selected to overlap on six of the eight States in order to obtain a comprehensive understanding of the operation and effects of Federal education activities.

APPENDIX B

HISTORY OF INDIVIDUAL FEDERAL PROGRAMS

Chapter 1/Title I

Passage of ESEA in 1965 reflected numerous compromises, with SEAs having substantial administrative responsibilities for Title I and LEAs retaining significant discretion in program design. States, as the government level responsible for monitoring and enforcing Federal requirements in this program undertake a number of regulatory activities, including approving local applications and monitoring local activities, and are required to provide technical assistance. Research studies have found that most States, however, have viewed technical assistance as only a secondary responsibility given the enforcement orientation of the statute, regulations, and Federal orientation (Moore et al, 1983; McDonnell and McLaughlin, 1982).

After a number of evaluation studies during the late 1960s and early 1970s revealed that Title I funds were not being spent on intended services and that Federal management was inefficient and ineffective, a series of corrective measures were adopted. First, Federal administration was tightened. Program regulations governing funds allocations and parental participation were enacted. Federal audits also produced a concern among States that they be "in-compliance," and influenced States to concentrate their activities on fiscal rather than programmatic concerns.

Second, fiscal and programmatic controls were enacted through legislative reauthorizations. The result was more stringent Federal requirements specifying how State and local resources were to be allocated between Title I schools and those not receiving Title I funds (comparability), how federal funds were to be targeted on eligible students (general aid prohibition and student selection rules), and how program funds were to be used for extra services (program design and nonsupplanting rules). The 1970 Education Amendements, for example, contained a number of administrative reforms to tighten the operation of Title I, especially with respect to restrictions on the use of funds (e.g., the non-supplanting provision was added to the statute), and requirements pertaining to monitoring and enforcement. Amendments in 1974 encouraged parental participation by requiring as a matter of statute (versus regulation) the appointment of district-wide parent advisory councils (PACs), and added the "excess cost restrictions."

By the mid-1970s a congressionally mandated study of Title I had found that many of the early Federal administrative problems had been resolved as a result of

congressional tightening of statutory provisions, especially regarding the use of funds (NIE, 1977). Despite these improvements, this study reported that Federal administration still suffered from inconsistent interpretations of Title I requirements: "supplement, not supplant" requirements were not consistently administered, Federal guidelines for SEAs and LEAs were often not clear and understandable, interpretative letters in response to questions from SEAs and LEAs were not disseminated to other Federal Title I offices, and the Office of Education's record in resolving audit disagreements was poor (NIE, 1977).

On the positive side, the congressionally mandated study concluded that the statute's legal framework was logical and consistent, although not as clear as it could be, and that regulations and administrative guidelines adhered to the statute (NIE, 1977).

Following this comprehensive review, the Congress sought to clarify legislative requirements and enhance State and local flexibility. The 1978 Education Amendments contained provisions with greater specificity regarding targeting and program design, an increased SEA role in compliance through monitoring and enforcement responsibilities, greater local discretion in program design by allowing school-wide projects in schools where over 75 percent of the students were from poverty families, and attempts at paperwork reduction through the use of three-year applications. Researchers have noted that these changes indicated congressional desire for a Federal oversight role which would enhance administrative accountability and improve educational services available to disadvantaged children (Reisner, 1980).

Despite the efforts of the 1978 Amendments to resolve administrative difficulties problems continued. For example, a 1980 study of Title I administration found that there were insufficient resources available for program management, and that the Office of Education (1) had not identified monitoring priorities, (2) had improved resolution of audit procedures but had not made the changes required by the 1978 Amendments, and (3) had not followed a congressional request to review the appropriateness of evaluation models (Reisner, 1980). Complaints by State and local officials that Title I requirements were burdensome and impeded their ability to provide instructionally effective services also continued. It was against this background that ECIA Chapter 1 was passed in 1981 to reduce administrative burdens and enhance State and local discretion in providing Federally-funded compensatory education services.

P.L. 94-142

Federal assistance for students identified as mentally or physically handicapped was originally enacted in 1965 as an early amendment to ESEA Title I. During the ensuing years Federal services and protections were frequently expanded until P.L. 94-

142 was enacted in 1975. In 1965 P.L. 89-313 provided Federal grants to SEAs operating schools serving handicapped children which were ineligible for Title I aid. The following year a new Title VI of ESEA was enacted which provided aid to SEAs for increasing educational and other services to handicapped children. The Education Amendments of 1974 signaled a new Federal focus in regard to educating handicapped children. The Congress established an appropriate and free public education as a Federal objective and required States to provide complete educational services for all handicapped children. The following year, ESEA Title VI became P.L. 94-142, the Education For All Handicapped Children Act. Three factors identified as contributing to expanded Federal involvement were (1) court decisions emphasizing the Federal Government's responsibility to protect the rights of the handicapped (2) State legislation and the popularity of these services in the States; and (3) the effectiveness of interest groups (Reisner, 1981).

ESEA Title VII

Prior to the 1968 enactment of this program, Title I provided the only Federally-funded services for students with a limited proficiency in English. Although both the statute and Federal regulations explicitly required that only bilingual education programs be funded, the instructional objectives of Federally-funded Title VII programs were in dispute during the early years of this program's operation. It was unclear whether the objective of this statute was to fund programs that maintain students' proficiency in their native language while simultaneously developing their capability in English or provide transitional services while students became proficient in English. The question of whether the grants were to fund demonstration programs rather than be oriented towards providing continuing services to students with a limited proficiency in English was also unresolved.

An attempt was made through the 1974 Education Amendments to reach an accommodation between the maintenance and transitional instructional approaches. However, it wasn't until the 1978 Education Amendments that Congress made the rapid acquisition of English a clear program goal. The 1978 Amendments also clarified a number of other issues by specifying that funds be targeted on those most in need of assistance and weakening the demonstration focus of the program in favor of a greater orientation towards ongoing support for service delivery. As a result of these changes, researchers have called attention to Title VII's legislative specificity for providing instructional services which is not present in other Federal programs for special needs students (Reisner, 1981).

Vocational Education

The Vocational Education Act was initially enacted as the Smith-Hughes Act of 1917 to finance training in agriculture, trade, home economics, and industrial and vocational teacher training. Federal signals for vocational education have undergone a significant change in focus over the past two decades. Through the 1960s the few Federal restrictions on State use of vocational education funds primarily involved restrictions on the type of skills for which training could be provided. Over the past two decades, however, the Federal Government has attempted to change the orientation of vocational education by expanding the definition of vocational education to include virtually any training from which students would benefit, focusing on services which are responsive to technological changes and economic conditions and emphasizing services for special needs students.

The congressionally mandated study of vocational education has reported that vocational education legislation since 1963 has de-emphasized traditional training activities beyond those included in the Smith-Hughes Act of 1917 and encouraged the expansion of postsecondary education activities (Vocational Education Act of 1963); included remedial academic instruction as a permissable activity and modified funds distribution formulas to reflect high concentrations of low-income families (1978 Amendments); and authorized set-asides for special needs students separate from the basic grants program (1976 Amendments) (NIE, 1980).

The 1976 Amendments authorized significant changes in the Vocational Education Act.[1] In addition to establishing set-asides for special needs populations, the statute contained greater specificity regarding State allocation of funds to local projects, and requirements for States to provide matching funds for administration. A number of provisions also included "to enhance planning activities in order to make vocational education services more responsive to changes in the labor market including establishment of a national data collection system, the development of five-year State

[1]The Vocational Education Consolidation of 1976 (P.L. 94-482) consolidated State program authority into basic grants and grants for program improvement and support. The basic grant included work study programs, cooperative vocational education, residential vocation education, and energy education. The program improvement and support services grant included research, exemplary and innovative programs, curriculum development, vocational guidance and counseling, vocational education training, and grants to assist in overcoming sex bias. Of the funds appropriated for these two grants, 80 percent must be used for the basic grants and 20 percent for program improvement and support. Four vocational categorical programs were retained despite the consolidation: Consumer and Homemaking Education, Special Programs for the Disadvantaged, Bilingual Vocational Training, and Emergency Assistance for Remodeling of Vocational Education Facilities.

plans, and greater emphasis on program improvement and support functions (NIE, 1980).

APPENDIX C

ANTECEDENT PROGRAMS CONSOLIDATED UNDER ECIA CHAPTER 2

Legislative Authority	Programs	1981 Budget Authority
Alcohol and Drug Abuse Education Act	(1) Alcohol and drug abuse education	$ 2,850
Career Education Incentive Act	(2) Career education	10,000
Elementary and Secondary Education Act:		
Title II	(3) Basic skills improvement	31,500
Title III-A	(4) National diffusion program	8,750
Title III-A	(5) Educational television programming	6,000
Title III-A	(6) Cities in schools	2,745
Title III-A	(7) PUSH for excellence	825
Title III-B	(8) Metric education	1,380
Title III-C	(9) Arts in education	3,150
Title III-E	(10) Consumers' education	1,356
Title III-G	(11) Law-related education	1,000
Title III-L	(12) Biomedical education	3,000
Title III-M	(13) International understanding	2,000
Title IV-B	(14) School libraries and instructional resources	161,000
Title IV-C	(15) Improving local educational practice	66,130
Title V-B	(16) Strengthening State educational agency management	42,075
Title VI	Emergency school aid:	149,209
	(17) Basic grants to LEAs	
	(18) Special projects and programs	
	(19) Grants to non-profit organizations	
	(20) Magnet schools, neutral sites, and pairing grants	
	(21) Educational television programming	
	(22) Evaluation	
Title VIII	(23) Community schools	3,138
Title IX-A	(24) Gifted and talented	5,652
Title IX-B	(25) Ethnic heritage	2,250
National Science Foundation Act	(26) Pre-college science teacher training	1,875
Higher Education Act, Title V-A	(27) Teacher corps	22,500
Higher Education Act, Title V-B	(28) Teacher centers	5,100
Follow Through Act	(29) Follow through *	26,250

* Included in block grant consolidation on a phased basis. Is fully incorporated beginning in fiscal year 1985.

APPENDIX D

LEGAL PROVISIONS[1]

QUALIFYING CONDITIONS	DEFINITION
Plan Application	Document setting forth how the recipient will accomplish the purposes of an ongoing, formula-type program.
Project Application	Document describing how the potential recipient will handle a discrete sum of money to accomplish a particular project.
Fiscal Requirements	Minimum dollar amounts that must be generated to qualify the recipient for funding; for civil rights laws, the existence of federal funding to "qualify" as subject to the rules.
Devoted Staffing Requirements	Where recipient must specify a staff member of a special unit in the agency to handle program responsibilities.
Responsibile Entity Requirements	The recipient must show that it is the entity with sufficient legal responsibility to undertake program obligations or has acquired necessary authority.
Advisory Bodies	Cases where advisory bodies are to be created and involved as a condition prior to receiving funds.
Number of Beneficiaries	Where a minimum number of beneficiaries must be identified to qualify the recipient for funding.
Assurances	Explicit affirmation by the recipient that it will comply with general or specific provisions of the law.
FUNDS ALLOCATION	
Distribution of Formula	A formula used to distribute program funds among eligible recipient agencies.
Criteria for Project Approval	For project-type grants, the criteria used to make funding decisions among applicants.
Numerical Set-Asides	Requirement that specified portions of a recipient's allocation be "set aside" for use on a particular subset of activities.

[1]This analysis was conducted by Harold Winslow as part of the work undertaken by the Educational Testing Service for the School Finance Project.

Caps/Maximum Entitlements	A limit on the amount of funds that can be generated by a formula or awarded through a project competition.
Fixed Project Duration	A limit on the duration of the project funded, as opposed to ongoing formula-type programs.
Phase-Out Provisions	Requirements that recipient make explicit plans to take over programs when federal funding is terminated.

FUNDS TARGETING

Agency Characteristics	Characteristics of the recipient agency as basis for targeting money to the agency.
Agency Size/Total Population	Overall size or student population of agency as funding criterion.
Size of Target Population	Numbers of children within identified beneficiary group as funding criterion.
Characteristics of Target Population	Funds directed to agencies based on the characteristics of students of relevance to the program purposes.
Project Characteristics	Funds to agencies dependent on showing that particular kinds of projects or attributes of projects will be employed.

PROGRAM OVERSIGHT

Application Approval Authority	The authority to review and approve or disapprove applications for funding submitted by other agencies.
Application Review Opportunity	Agency's right to review another agency's application made directly to federal government, but without approval/disapproval power.
Discretionary Funding Authority	Authority to make decisions about which eligible agencies will be funded and at what amounts. May be accompanied by general criteria for decision-making.
Monitoring of Operations	Requirement that oversight agency investigate program operations to ascertain compliance or quality of the activities.

Fiscal Audits	Responsibility to review financial records to determine fiscal integrity of projects.
Recordkeeping Requirements	Provisions requiring that information be collected and/or maintained regarding the program.
Reporting Requirements	Provisions obligating the recipient to transmit specified information to the oversight agency regarding the program.
Enforcement Authority	The authority to take actions to remedy instances of noncompliance, or to require the doing of specified things.
Evaluation Requirements	More or less systematic assessments of the progress of programs relative to their purposes.
Advisory Body Review	The existence of advisory bodies composed of stakeholders with the mandate to examine and review programs.
Technical Assistance	Explicit authority and obligation to provide various sorts of instruction and help to agency personnel implementing the program.

PROGRAM DESIGN

Size Standards	Provisions specifying criteria regarding the size (number of participants, amounts of funds) that must be involved in a project.
Required Characteristics	Necessary elements of a funded project.
Personnel Standards	Specifications of the type or qualifications of persons to be involved in program operations.
Group Needs Assessment	Requirement that the needs of a defined target group be identified and assessed as part of the decision-making regarding services to be provided.
Individual Needs Assessment	Requirement that the needs of each individual member of the defined target group be identified and related to services to be provided.
Specified Planning Process	Beyond the requirement of planning, provisions specifying how the planning is to occur, what steps must be taken to accomplish the planning function.

Required Stakeholder Involvement: Administrators Teachers/Other Staff Parents Students Non-public school stakeholders	Provisions that specify particular persons or groups with some stake in the outcome or operations of the project who must be involved or consulted in the process of designing the project. Non-public school stakeholders include private school officials and industry representatives.
Advisory Board	A collection of individuals with some interest or expertise in the program purposes who form an advisory body, rather than being consulted individually.

PROGRAM OPERATIONS

Authorized Activities	Provisions which specify activities that are authorized for financial support or to attain compliance with program rules.
Expressly Prohibited Activities	Explicit lists of activities that may not be part of the program, or that absolutely represent non-compliance. Not included are inferred prohibitions, such as the opposite of required activities.
Required Activities	Activities that must be undertaken to achieve proper program functions or compliance with program rules.
Service Type	Requirements pertaining to the type or nature of services to be rendered without specifying the activities to be undertaken to constitute the service type.
Service Level	Requirements pertaining to the quantity of services that must be delivered to a program beneficiary, or group of beneficiaries.
Student Selected Criteria	Rules regarding the student characteristics or manner of selecting students for inclusion in the services to be rendered.
Stakeholder Involvement	Requirements that persons with some interest in the program's purposes and outcomes be involved in day-to-day operational decision-making.
Advisory Bodies	Provisions requiring that advisory bodies be involved in program operation decisions, usually in addition to program design and oversight roles.

Evaluations	Explicit requirements that the conduct and results of program evaluations are to be used in making program operation decisions.
Complaint Resolution	Requirements for the establishment of procedures and forums for resolving disputes regarding program operations.
Decision Review Process	Systems required for a standing process to routinely, or upon a specified occurrence, review decisions made regarding program operations.

FISCAL CONDITIONS

Maintenance of Effort	Requirements that non-federal support to an agency, program or individuals be held at a specified level.
Matching	Requirement that a specified proportion of non-federal funds be applied with the federal funds to the program budget.
Comparability	Requirement that non-federal support to projects or beneficiaries be provided at equivalent levels to similar non-federally funded activities or persons.
Equalization	Provisions which in some manner compensate for the inability of an agency to achieve a high yield from some appropriate tax rate.
No Supplanting	Prohibition on the use of federal funds to pay for services or material that would have been or should be paid for with non-federal monies.
Equitable Provision	Requirements designed to ensure that in the provision of non-federal resources, recipients of federal money will be treated in an equitable manner with non-recipients.
Excess Costs	Provisions limiting the use of federal monies to the costs of programs or services which exceed normal costs of serving the target group.
No Commingling	Explicit prohibitions against mixing of accounts of different funding sources or budget categories.
Coordination	Requirements to identify and effect complementary uses of separate programs and funding sources.

SANCTIONS

Funds Withholding	Power to stop the flow of funds to the recipients pending the correction of some instance of noncompliance.
Repayment of Expended Funds	Power to order recipients to repay funds determined to have been misspent vis-a-vis program rules.
Ineligibility for Other	Authority to suspend recipient's eligibility for programs other than the one in which the condition of noncompliance has been identified.
Compliance Plan	Authority to impose a specified set of activities to achieve compliance, the performance of which will suspend the use of other sanctions.
Litigation	Specified authority and procedures to initiate judicial action against the noncompliant recipient.

EXCLUSIONS/WAIVERS

Exclusions or Waivers	Provisions which exclude recipients from the operation of certain rules or otherwise waive the operation of those rules under certain circumstances.
By-Pass Provisions	Provisions which transfer the responsibility for accomplishing specified program purposes from the recipient to some other agency, usually accompanied by proportionate loss of funding.